

Press-release
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Neither insurers, nor vehicle owners will benefit from proposal of the Competition Council to assign maintenance of MTPL database to other institution

From the point of view of the Latvian Motor Insurer's Bureau (LTAB) and insurers the proposal of the Competition Council (CC) to entrust MTPL database to any other independent institution, which maintenance, most likely, would be covered by insurers' means, don't speak of more strict control over the sector, but of additional load and unnecessary officialdom.

From the early beginning of MTPL there was founded a separate institution LTAB, which secures successful operation of MTPL system and proposes necessary improvements. Why to waste money on foundation of yet another supervisor, which work shall be paid off from insurers' (Latvian motor driver's) means?

LTAB and insurers consider that it would be much more variable solution to improve the elaborated CM regulations project on „Regulations on amount and types of data deemed necessary for operation of information system of overland motor vehicles owners' third party liability compulsory insurance, procedure of data input, sharing and application” (prepared by LR Ministry of Finance), elaborating more expanded regulations on types of application of database and rights of admission. Already now data in the database about competing companies is not accessible to other insurers and also rights of LTAB admission is strictly defined and restricted. Additionally to the said regulations there might be stipulated the CC control mechanisms with IT data safety auditing.

Juris Stengrevics, LTAB Director - General: „Within this year in Latvia there has been founded one of the most modern MTPL information accumulation databases of the European Union. We have received such acknowledgement from many colleagues in other countries. Therefore it is a pity that we are denied of a possibility to continue accumulation of the said data, although such modern system operates in many other countries. For example, in neighboring Estonia many insurers don't have their own database – all data on every policy and indemnification is being accumulated in one common MTPL insurers' database. A similar situation is in other European countries as well. It is interesting that in these countries the state competition supervising institutions don't doubt usefulness thereof.”

Elena Alfejeva, „BTA” Member of the Board: „In my opinion, the CC's blames of LTAB that data about particular insurance premiums is, in some measure, accessible to competing insurance agencies, are completely unjustified, since insurers themselves are not interested to expose such data to competitors.

Besides, we can conclude that the CC doesn't trust LR legislation, since the regulations, proposed to the Cabinet of Ministries by the Ministry of Finance, are based on the principle that the said data shall be collected, kept and applied in the information system. The foregoing regulations specify that data, not for any reason whatsoever, shall be accessible to other insurance agencies. Insurers, as well as any others in a legal state irrespectively to status (public body, business entity or a private

person) must comply with effective legal norms. Otherwise – there shall be imposed a fine.

Under EC Regulations No. 1/2003, the CC has plenary powers to supervise any enterprise or organization in order to elucidate compliance with norms adjusting competition. When disclosing infringements, the CC may impose on infringer considerable fines. What for insurers would violate law?"

Andris Morozovs, „If Latvia” CIA Director - General: „From our point of view, such proposal of CP is completely unnecessary and means creation of a new officialdom, beneficial neither to insurers nor to vehicle owner. Foundation and support of such independent institution would require considerable means, which covering shall be, most likely, assigned to insurers. It means that the said officialdom maintenance costs shall be paid off by vehicle owners when buying policies. That’s why I don’t agree to the opinion voiced by the CP that policy holders would benefit from the fact that the information system will be kept at an independent institution’s.”

Agris Āva, „Balta” Project Manager: „What will be the difference if such database is kept at competent specialists at LTAB, who continuously improve the information accumulation system and expand its capacities, or at some other institution’s, for in both cases the database maintenance costs are covered from insurers’ means? Much more variable solution would be to define in the CM regulations that an independent institutions may sudden execute audit of IT data safety within the said information accumulation system, to get sure whether data is being applied in compliance with LR legislation.

Besides, if any suspicion appears that data furnished by insurers on every policy and indemnification payment are or might be accessible to competitors, we would be the first to fail to submit expanded information to LTAB information accumulation database!"

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