

PRESS RELEASE

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Subject **CMS Business Breakfast on the subject of
“Risk & Prevention”**

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New Insurance Distribution Act Amending Act 2018 presents major challenges

As is so often the case, postponed does not mean abandoned. This is also true of the transposition of the EU Insurance Distribution Directive (IDD), which was the subject of a CMS Business Breakfast. We have had to wait for a while for the transposition of this Directive in Austria, but now finally the new insurance distribution law is here and set to enter into force on 1 October 2018. This means that insurance and reinsurance companies need to eliminate any existing legal ambiguities as quickly as possible.

An opportunity to do so was provided for Austrian insurers at the CMS Business Breakfast, which was held at the offices of the Viennese law firm on 10 April. Thomas Böhm, insurance law expert and partner in CMS in Vienna, addressed the question of what the transposition of the IDD means for insurance companies in Austria. The focus was on various new aspects, which are mainly reflected in four areas of the Insurance Distribution Act: in obligations for insurers relating to conduct of business and provision of advice, in product information, in increased requirements relating to the distribution of insurance-based investment products, and in professional and organisational requirements for senior managers and executives involved in distribution.

“Even though there has been no gold plating as regards the transposition, and certainly no overfulfilment of the EU Directive, insurance companies face major challenges,” commented Thomas Böhm. “However, the introduction of the advisory obligation is a good example of something that is already real insurance practice in Austria, but which had also been desired by virtually all stakeholders.”

What the future holds for insurance companies

The provisions concerning the nature and content of the information to be provided are extremely detailed and comprehensive. Insurers are therefore particularly advised to check their distribution documents very carefully to make sure that they conform to these requirements.

There is also a certain risk posed by the actions of third parties. For example, insurance agents also need to be suitably prepared by insurance companies. Admittedly, an insurer is not obliged to advise the client in the event of distribution via an insurance agent, provided that the insurer has no reason to assume that the policyholder is not receiving proper advice

from this party. However, this does not rule out responsibility under civil law on the part of the insurance company for violations of the advisory obligation by an insurance agent.

CMS hot topics in 2018

The Insurance Distribution Act Amending Act is just one of many topics addressed by CMS as part of an extensive series of events aimed at companies wishing to receive timely information about risk assessment and prevention. But it is not all about Risk & Prevention. CMS is also hosting numerous events dealing with a second major topic area – Digital Economy – in order to present and discuss increasingly important legal issues relating to FinTechs, cybercrime, smart contracts, ICO (Initial Coin Offering), etc.

A photo of Thomas Böhm for free use is available [here](#).

Further events held by CMS in Vienna can be found on the website at cms.law under [Events](#).

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