

LEGAL PROVISIONS FOR CONSUMER PROTECTION IN THE INSURANCE MARKET

1.1. TERMS AND CONDITIONS

In the insurance sector, a *product strategy (product plan)* is a special document that insurers need to produce for each product they seek to offer. It must include the terms and conditions of the insurance contract, the premium calculation, and auxiliary data, i.e. estimated figures for the next three years on portfolio size, product costs, estimated premium income, and estimated settlement payments. This document is not public.

The highest permissible technical interest rate that can be used to calculate the premiums on life insurance, accident and sickness insurance (health insurance) policies as well as reserves and benefit payments was established in Decree No. 54/2015 (XII. 21.) MNB on the Maximum Technical Rate of Interest.

The highest permissible technical interest rate for the products referred to in the foregoing, when offered by an insurance company established in a Member State by way of its branch or in the form of cross-border services, shall be governed by the regulations of the home Member State.

In the case of life insurance policies, premiums shall be sufficient, on reasonable actuarial assumptions, to enable life insurance companies to meet all their commitments arising out, of or in connection with, life insurance policies and, in particular, to establish adequate technical provisions.

In weighing up the above premium calculation policy, all aspects of the financial situation of the life insurance company may be taken into account, without the input from resources other than premiums and income earned thereon being systematic and permanent in a way that it may jeopardize the solvency of the company concerned in the long term.

(Sections 132–133 and Annex 3 to Act LXXXVIII of 2014 on the Business of Insurance ('Insurance Act'))

From a consumer perspective, the *minimum content requirements for insurance contracts* are the most important. An insurance contract must specify the following:

- a) the definition of the insured event and any applicable exclusions;
- b) the procedure and deadline for reporting losses;
- c) the regulations governing premium payments, the contractual rights and obligations of the insured, the policyholder and the beneficiary, the manner and time of performance, and the consequences for failure to perform such rights and obligations;
- d) a description of the services provided by the insurance company, the mode, time and special conditions of performance and the conditions under which the insurance company is released from liability in part or in full;
- e) the detailed rules for inflation escalation, where applicable;
- f) a description of the rights of the insured person, the policyholder, and the beneficiary and the obligations of the insurance company that apply when the contract is terminated, including information on the provisions contained in IA Section 122 concerning the termination of the contract;
- g) the rules for the capitalization of regular payments of benefits in connection with sickness, accident and liability insurance, if applicable;
- h) the term of limitation on claims;
- i) the detailed rules for the provision of residual rights, and/or a life insurance policy loan, if available in the case of life insurance policies;
- j) optional daily access to information concerning the placement and value of unit-linked life insurance policies;
- k) theoretical and practical information on the handling of personal data if the policyholder or the insured is a natural person or a group entity consisting – in part or in whole – of natural persons;
- l) the address of the insurance company or its branch;

- m) the procedure for crediting the bonus, if any;
- n) the detailed rules concerning the suspension and separation of asset funds in accordance with IA Section 127, in the case of unit-linked life insurance policies;
- o) in the case of life insurance, accident and sickness insurance (health insurance) policies, the option to change the technical rate of interest during the term of the insurance contract, under the condition that it may be changed only if the highest technical rate of interest fixed in the decree on the highest technical rate of interest is amended.

(Insurance Act, Section 121)

From 26 June 2021 the insurer shall, in respect of the claims incurred under Section A) of Annex 1 to the Insurance Act (classification of non-life insurance branches by risk) prepare a claim settlement notice – either uniformly for all products or by products or product groups – and make it available on its website on a continuous basis.

The claim settlement notice shall include particularly the following:

- a) possible methods of submitting the claim for insurance benefit,
- b) rules pertaining to the payment of the insurance benefit and related deadlines,
- c) possible forms of claim and benefit payments, including also the lump sum settlement.

The insurer shall, within 15 days from the receipt of the documents essential for the claim settlement, but even in the absence of such documents within one month from the submission of the claim, at the latest, provide the beneficiary:

- a) with duly justified proposal for the benefit in those cases where it established the existence of its obligation to pay the insurance benefit and the amount of the benefit by titles (including also the information related to the interest), or
- b) with reasoned response to the individual items included in the claim in those cases when it does not accept its obligation to pay the insurance benefit, it is not explicit or it has not established the amount of the total benefit.

When the insurer initiates the lump sum payment of annuities in connection with a claim falling within the scope of Part A) of Annex 1 to the Insurance Act, the insurer shall simultaneously inform the insured on the present value of the principal amount of the lump sum payment of annuities and the amount of the lump sum payment shall not be lower than that. (Insurance Act, Section 123/A)

Insurance companies shall specify in the policy terms and conditions the type of documents they require for payment of settlement for losses and costs in connection with a claim upon the occurrence of an insured event. (Insurance Act, Section 124)

In the event of any changes in the legal provisions on tax relief or tax credit available in connection with insurance contracts, after the conclusion of such contracts, the insurance company shall have the right to present a proposal within sixty days after the effective date of the legislative changes for the amendment of the insurance contract or the related standard contract terms so as to reflect changes in the legislative environment and to update the contract to bring the relevant terms in line with the conditions for claiming said tax relief or tax credit.

In the absence of the policyholder's refusal to accept the amendment proposal within thirty days from the time of receipt of notice thereof, the contract shall be amended subject to the terms and conditions set out in the amendment proposal effective as of the time when the relevant legislative changes enter into force.

In the notice referred to above, the insurance company shall inform the policyholder by way of the means provided for in IA Subsection 152(1) concerning the changes in the contract or in the standard contract terms. The policyholder's refusal to accept the amendment proposal shall not serve as grounds

for termination of the contract by the insurance company. (Insurance Act, Section 122/A)

In the case of unit-linked life insurance policies with savings element, the insurance company shall invest:

- a) at least 20 per cent of the premiums due and paid for the first year, minus risk premium,
- b) at least 50 per cent of the premiums due and paid for the second year, minus risk premium,
- c) at least 80 per cent of the premiums due and paid for the third and subsequent years, minus risk premium,

with the proviso that the proportionate deduction from the related provision need not be taken into consideration from the beginning of the fourth year for the purpose of compliance.

If the policyholder exercises his residual rights, settlement shall be based at least on the invoiced value of the minimum investment ratios provided for in the previous Subsection. In the settlement the costs incurred in connection with the client's instructions – other than those pertaining to the residual rights – may be enforced.

In the case of life insurance policies with savings element other than unit-linked policies, if the policyholder exercises his residual rights, the cash surrender value shall be calculated based on the period of insurance cover from the beginning of the contract until the time of claiming residual rights, representing:

- a) at least 20 per cent of the premiums due and paid for the first year, minus risk premium,
- b) at least 50 per cent of the premiums due and paid for the second year, minus risk premium,
- c) at least 80 per cent of the premiums due and paid for the third and subsequent years, minus risk premium. (Insurance Act, Section 124/A)

The name, investment policy and commercial communication of the managed fund, or the policy terms and conditions may contain any reference for guarantee to protect the capital invested and may undertake to guarantee the earnings (hereinafter referred to as 'capital guarantee', 'performance guarantee'), where the guarantee is accompanied by appropriate collateral arrangements.

The performance guarantee incorporates a guarantee to preserve the capital invested, lacking any specific reference thereto.

The collateral shall be deemed appropriate if:

- a) provided by a credit institution, insurance company or reinsurance company;
- b) provided in the form of a commitment made in writing;
- c) the insurance company is able to seek payment directly from the provider of the collateral, and is able to call such claim within a reasonable period of time;
- d) the amount of the collateral is clearly defined in the currency of the life insurance policy and it is supported by appropriate calculations;
- e) the provider of the collateral is not permitted to avoid its commitment relating to the insurance policies to which the capital and performance guarantee pertains;
- f) it covers the capital and/or performance guarantee in full; and
- g) the collateral is recognized by and can be enforced before all relevant jurisdictions.

(Insurance Act, Section 125)

The name, investment policy and commercial communication of the managed fund, or the policy terms and conditions may contain any reference to a pledge to protect the capital invested (capital protection) and may undertake to guarantee the earnings (yield protection), where yield and capital protection is supported by an adequate investment policy pertaining to financial instruments.

The promise to pay dividends incorporates a pledge to preserve the capital invested, lacking any specific

reference thereto.

Insurance companies shall specify any price, fee or remuneration they charged, and any deduction they applied in proportion of provisions, so as to ensure that such specification and the related description clearly demonstrates their purpose and underlying content. (Insurance Act, Subsection 107(1a))

1.2. INFORMATION

If the policyholder is a consumer, the contract shall be formed even if the insurer does not make a statement in connection with the offer within fifteen days from its receipt, or within sixty days if a health risk assessment is necessary to evaluate the offer, provided that the offer was made in the knowledge of the information provided, as required by the law, concerning the content of the legal relationship, and in a form regularly used by the insurer for offers, and in accordance with the insurer's tariff rates.

In the event described above, the contract shall be formed in accordance with the content of the offer and on the day following the expiry of the risk assessment period, with retroactive effect as from the time of handing the offer over to the insurer.

If the insured event occurs during the risk assessment period, the insurer may only reject the offer if he had expressly drawn attention to that possibility in the form used for offers, and it is obvious from the nature of the insurance coverage requested and the circumstances of bearing the risk that the individual assessment of risk is necessary for the acceptance of the offer.

If the contract formed without the express statement of the insurer differs on a substantial issue from the standard contract terms of the insurer, the insurer may propose, within fifteen days from the formation of the contract, that the contract should be amended in accordance with the standard contract terms. If the policyholder does not accept the proposal or does not respond to it within fifteen days, the insurer may unilaterally terminate the contract in writing within fifteen days from the rejection or the receipt of the amending proposal, with a notice period of thirty days.
(Civil Code, Section 6:444)

If the contract has not been concluded in writing, the insurer shall issue a document attesting the insurance coverage.

If the document attesting the coverage differs from the policyholder's offer and the policyholder does not complain about the difference immediately following the receipt of the document, the contract shall be formed in accordance with the content of the document attesting the coverage. This provision shall only apply to substantial differences if the insurer drew the attention of the policyholder to that difference in writing at the time of handing over the document attesting the coverage. If such notice is not made, the contract shall be formed in accordance with the content of the offer.

The party making the offer shall be bound by his offer for fifteen days from the time of making it, and if a health risk assessment is necessary in order to evaluate the offer, he shall be bound by it for sixty days.
(Civil Code, Section 6:443)

A) The written information provided with insurance contracts shall inter alia contain the following:

1. the period and duration of coverage;
2. starting date of coverage;
3. description of the insured event;
4. terms of payment of premium and the manner by which to make changes in the premium, if allowed for the basic coverage and for ancillary risks, including, where appropriate, an indication of the insurance intermediary's entitlement to receive payment of premium from the client, and if so, any

- restrictions, as well as any entitlement to be involved in making payments to the client;
- 5. description of the insurance company's services and the time of performance, the options available;
- 6. termination clauses;
- 7. conditions for cancellation;
- 8. conditions under which the insurance company is released from liability, exclusions;
- 9. mode and rate of inflation escalation;
- 10. extent and manner of refunding surplus yield;
- 11. the information referred to in Subsection 159(1), facilities for lodging complaints with the Authority or with the arbitration bodies (showing the registered address, phone number and internet address, and the mailing address), according to the nature of the complaint, and information about the judicial process;
- 12. in respect of the branches of third-country insurance companies, the country where legal disputes are settled, description of the material and procedural provisions and the language of such proceedings;
- 13. list of the organizations to which the insurance company is entitled to disclose client data pursuant to IA Sections 135–142 and Sections 147–151;
- 14. an indication of the governing law under which the contract is concluded, and as regards the governing law in respect of non-life insurance contracts to be concluded with natural persons, where it can be decided by the parties, an indication of the law recommended by the insurance company as the governing law;
- 15. for mutual associations, description of the cases serving grounds for calling up additional contributions, and/or the possibility of any cutback in services;
- 16. for mutual associations covering risks in connection with compulsory motor vehicle liability insurance, description of the cases serving as grounds for calling up additional contributions;
- 17. tax laws relating to life insurance contracts;
- 18. for life insurance policies, the amount to be retained by the insurance company from the premium paid in by the policyholder if the contract is cancelled by the policyholder within thirty days;
- 19. whether the insurance company offers any capital or yield guarantees on life insurance policies;
- 20. the detailed rules concerning the suspension and separation of asset funds as under IA Section 127, in the case of unit-linked life insurance policies.

B) Minimum contents of the product information of life insurance policies:

1. Brief description of the reasons, as determined by an interview, for offering the type of policy for the particular
 - a) services,
 - b) term, and
 - c) amount.

2. An indication in the manner illustrated under Point 3 of the following applicable for the duration of the proposed life insurance policy – meaning the end of the term fixed for insurance policies under Classes I and II of the life insurance branch or for at least twenty years if the term is not specified, or the end of the term fixed for insurance policies under Class III of the life insurance branch or a maximum of five years – provided the policy features the option of surrender or premium-free reduction, for each year on the first day of the year insured:
 - a) cash surrender value,
 - b) discount value.

3. The following provisions shall be observed when determining the cash surrender value and the discount value:
 - 3.1. The policyholder shall be advised that the data shown in the manner expressed below are provided for information purposes only as they are, to some extent, based on assumptions.
 - 3.2. In the case of unit-linked life insurance policies, the client shall be advised that the value of the

underlying units may show a gain or loss. Furthermore, the client must also be notified as to who is to bear the risks from changes in the value of these units determined in accordance with the provisions of the insurance contract pertaining to capital guarantees or capital and yield guarantees.

- 3.3. In the case of stipulated-premium insurance contracts, at the beginning of the year the status before the premium is paid shall be taken into consideration.
- 3.4. The contract shall be concluded under the assumption that the key figures of the policy (premium, sum insured, various deductions etc.) remain constant during the term of the contract unless otherwise prescribed in the contract.
- 3.5. In addition to what is contained in Point 3.4, unit-linked life insurance policies shall be contracted under the assumption that the value of the underlying units remain unchanged. Where the insurance company offers capital guarantees or capital and yield guarantees, the cash surrender value shall be determined accordingly.
- 3.6. In the case of insurance policies under Classes I and II of the life insurance branch with no technical rate of interest, the provisions of Point 3.5 shall apply as appropriate.

4. With the exception of term life insurance contracts, the insurance company provides figures in the product information of life insurance policies relating to the amount of potential payments above and beyond the contractually agreed payments, the insurance company shall provide the policyholder with a specimen calculation whereby the potential maturity payment is set out applying the basis for the premium calculation using three different rates of interest. The insurance company shall inform the policyholder in a clear and comprehensible manner that the specimen calculation is only a model of computation based on notional assumptions, and that the policyholder shall not derive any contractual claims from the specimen calculation. (Insurance Act, Annex 4)

In the insurance sector, in terms of consumer protection insurance intermediaries play a crucial role in the provision of adequate information.

Selling insurance-based investment products must be accompanied by advice.
(Insurance Act, Section 166/B)

The MNB may periodically request information from the branches of insurance companies established in other Member States, or from insurance companies established in other Member States in connection with their activities performed in the form of cross-border services concerning the terms and conditions for the insurance policies they provide and the related documents in order to verify their compliance with the laws pertaining to insurance contracts. (Insurance Act, Section 288)

Unless otherwise provided for by an act, before an insurance contract is concluded, the insurance company shall provide the prospective policyholder in due time with easily intelligible, clearly written, accurate, not misleading, fair and detailed information free of charge that is verifiable and documented, written in the official language of the Member State in which the risk is situated or of the Member State of the commitment, concerning:

- a) the insurance company's name, registered address and legal form, and that it is engaged in the business of insurance;
- b) if the insurance contract is concluded by way of a branch, the registered office of the branch (or address if the branch is set up abroad), if the insurance contract is concluded through the Hungarian branch of a foreign insurance company, its registered office, registered number or register number, including the name of the court or authority of registry;
- c) the competent supervisory authority;
- d) the attributes of the insurance contract provided for in Part A) of Annex 4;
- e) publication of the report referred to in IA Subsection 108(1);
- f) whether it provides advice about the insurance products sold;

g) the nature of the remuneration given to the contributor in relation to the insurance contract. (Insurance Act, Subsection 152(1))

Save where IA Subsection 152(1)(g), and IA Annex 4 Part A) Point 17 apply, the insurance company shall supply information by the same way as providing pre-contractual information to policyholders with respect to any changes in the data provided for in IA Subsection 152(1) any time when the contract is amended or renewed. (Insurance Act, Subsection 152(5))

If any payments, other than the ongoing premiums and scheduled payments, are made by the client under the insurance contract after its conclusion, the insurance company shall also make the disclosures in accordance with IA Subsection 152(1)(g) for each such payment. (Insurance Act, Subsection 152(6))

The information provided in accordance with IA Subsection 152(1) shall be sufficient to focus attention:

- a) on the conditions under which the insurance company is released from liability;
- b) on the conditions under which the insurance company is entitled to limit its services;
- c) on the exclusions stipulated in the insurance contract; and
- d) on all other terms and conditions that differ substantially from common contractual practice, contracting regulations or any contract clause previously accepted by the parties, thus, for example, if some law other than Hungarian is stipulated as the governing law or if Hungarian courts are not vested with exclusive jurisdiction. (Insurance Act, Subsection 152(2))

Any breach of the obligations defined in IA Subsection 152(2) shall invoke the sanctions prescribed in this Act, and shall not affect the standard contract terms, or certain clauses thereof, becoming part of the contract as provided for in the Civil Code. (Insurance Act, Subsection 152(4))

The information provided for in IA Subsection 152(1) may also be provided in a language specified in the agreement concluded with the client, and – if the conditions laid down in IA Subsections 152(3a) or (3b) are satisfied, as the case may be – also on durable medium or through a website, with the proviso that at the client's request the information shall be made available free of charge, in writing as well. (Insurance Act, Subsection 152(3))

The provision of information using a durable medium provided for in IA Subsection 152(3) may be implemented if the client has expressly requested it, and if this is regarded as appropriate in the context of communication. This includes if the client has regular access to the internet, specifically, if the client provided an e-mail address to the insurance company. (Insurance Act, Subsection 152(3a))

The information may be provided by means of a website in accordance with IA Subsection 152(3) if:

- a) it is addressed personally to the client, or
- b) the client has been notified electronically of the address of the website, and the place on the website where that information can be accessed; the information shall remain accessible on the website for such period of time until the expiry of claims deadlines, and the conditions under IA Subsection 152(3a) shall remain intact as well. (Insurance Act, Subsection 152(3b))

In the case of telephone selling, the information referred to in Subsection (1), including the insurance product information document, shall be provided in accordance with Act XXV of 2005 on the Distance Marketing of Consumer Financial Services and the Union rules applicable. Moreover, the information under this IA Section 152 shall be provided to the client in accordance with the means selected by the client, that is independent from the mode of prior information selected, immediately after the conclusion of the insurance contract. (Insurance Act, Subsection 152(3c))

Where an insurance company proposes to sell insurance products, in the exercise of the right of establishment or the freedom to provide services, to a client whose habitual residence or registered office is situated in a Member State that applies stricter rules than this Act regarding the requirements concerning the distribution of insurance products, such stricter rules shall apply. (Insurance Act, Subsection 152(7))

Where the insurance company is responsible for the provision of mandatory occupational pension arrangements and an employee becomes a member of such an arrangement without having taken an individual decision to join it, the information referred to in IA Section 152 shall be provided by the insurance company to the employee promptly after their enrolment in the pension arrangement concerned. (Insurance Act, Section 158)

Before a life insurance contract is concluded – with the exception of net risk life insurance policies in which no saving element is involved, which are offered by a financial institution in connection with financial services it provides, or where the sum insured is less than one million forints – the insurance company shall assess the client's demands or shall interview the client in order to ascertain the needs and requirements of the client based on the information he has provided. (Insurance Act, Subsection 153(1))

In addition to the information provided for in IA Section 152, insurance companies are required to supply – in connection with life insurance policies where the client survey referred to in IA Subsection 153(1) is required – information in the form of a product information guide referred to in IA Annex 4 Part B) containing the results of the client survey referred to in IA Subsection 152(1) before the life insurance policy is issued.

As regards regular, periodical or single-premium life insurance policies with a savings element, the insurance company shall inform the client, upon making available the product information referred to in IA Subsection 153(2), about the total costs charged for the insurance policy, and the internet access thereof. (Insurance Act, Subsections 153(2) and (5))

Unless otherwise provided for by law, the insurance company shall obtain a statement from the client, supported by sufficient evidence, to the effect that he has received the information specified in IA Subsections 152(1) and Subsections 153(2) and (2a).

In the statement referred to in the above Subsection, the client shall also state any other information received in connection with the insurance policy in question prior to concluding the contract. (Insurance Act, Subsections 155(1)–(2))

The obligation provided for in IA Section 152, Subsections 153(1)–(2a) and (5), and Subsection 155(1):

- a) shall not apply to the insurance company in connection with reinsurance contracts and insurance contracts covering large exposures;
- b) shall not apply to the insurance company if an insurance intermediary is involved in the conclusion of the insurance contract.

(Insurance Act, Subsection 153(3))

The information under Point 4 of the product information document provided for in IA Annex 4 Part B) shall be given to clients for all life insurance policies, other than term life insurance contracts. (Insurance Act, Subsection 153(2a))

Within the meaning of IA Subsection 153(6), insurance companies must publish the total costs charged on their websites.

Where insurance services are provided electronically, insurance companies shall be required to provide information to clients on an ongoing basis in easily accessible format. If the insurance company's statement of acceptance is executed in the form of an electronic document with an advanced electronic signature, the insurance company shall be required to provide for the client the information specified in IA Subsection 152(2) by way of electronic means on an ongoing basis in easily accessible format. (Insurance Act, Section 154)

Once a life insurance contract has been concluded – other than term life insurance policies with no residual rights attached, supplementary insurance against disability resulting from an accident or sickness covered under the life insurance branch – the insurance company shall provide written information to the policyholder at least once a year on the benefit value of the life insurance policy, its

current cash surrender value and the amount of any surplus yield to be refunded.

In connection with an inflation escalation clause in an insurance contract, the client is to be clearly informed concerning the components to which the inflation escalation clause applies, and to which it does not apply. The insurance company shall be required to emphasize the existence of inflation escalation clauses, including the rights of the client relative to such clauses. (Insurance Act, Subsections 156(1)–(2))

If a medical examination of the prospective policyholder is required for the conclusion of an insurance contract – life insurance and non-life insurance alike – the insurance company must inform the client of his right to have access to the results of such tests and examination at the healthcare service provider pursuant to the Healthcare Act.

As regards unit-linked life insurance policies, the insurance company must provide the policyholder with access to information on the placement of investments, to wit, the cross rate of the various investment forms used to cover the policyholder's investment, the types of each form of investment and the current value of his investments. The form and content requirements regarding the information to be supplied to clients in connection with unit-linked life insurance policies shall be decreed by the minister in charge of the money, capital and insurance markets. (Insurance Act, Subsections 156(3)–(4))

The insurance companies offering unit-linked life insurance policies shall notify the MNB of the asset funds it offers with such life insurance policies within fifteen business days from the day they were introduced. The notification shall indicate the name of the asset fund and the underlying investment policy.

The insurance company shall notify the MNB within fifteen business days from the date of termination of an asset fund.

The notification shall contain:

- a) the name of the asset fund,
- b) the reason for which the asset fund was terminated,
- c) the procedure for the transfer of assets to other funds, and
- d) the information sent to the clients.

If an insurance company modifies the investment policy of any of its asset funds, the MNB shall be notified thereof within fifteen business days after the modification. The notification shall indicate the name of the asset fund concerned, the reason for modification and the information sent to the clients. (Insurance Act, Section 270)

Within the meaning of Finance Minister's Decree No. 2/2019. (III. 28.) PM on the form and contents of the information to be provided to clients in the case of unit-linked life insurance ('FM Decree'), in the case of unit-linked life insurance, the insurance company is required to provide the policyholder with the following information free of charge, on a durable medium as agreed with the client, at least once a year by reference to the same calendar day:

- a) the status of the account linked to the insurance contract,
- b) the insurance premiums received for the insurance contract,
- c) the costs related to the insurance contract,
- d) the value of the services used under the insurance contract, and of the residual rights,
- e) the time and proportion of transfers between asset funds made in accordance with the policyholder's instructions,
- f) the price of the units,
- g) the benefit value(s) and cash surrender value of the insurance contract, as well as the amount of any surplus yield to be refunded under the contract,

- h) the possibility to request information as provided for in Subsection (5),
- i) the names of the asset funds selected by the policyholder and linked to the contract,
- j) details on access to the public information made available in accordance with Subsection 4(1), and
- k) the name and contact details of the policyholder's insurance intermediary, or the name and contact details of the insurance company's unit from which the policyholder can receive detailed information concerning the insurance contract.

The insurance company shall send the information referred to in FM Decree Subsection 2(1) to the policyholder within 15 days of the calendar day referred to in that Subsection.

The generation date of the data referred to in FM Decree Subsection 1(5)(a) shall be indicated in the information.

In the event that the insurance contract is terminated, within 15 days of the termination date the insurer shall provide the policyholder with the information referred to in FM Decree Subsection 2(1) in respect of the period between the contract date, or the date of the last notification under FM Decree Subsection 2(1), and the termination date. If the insurance contract is terminated due to a default on premium payments, the insurer shall provide the policyholder with the information referred to in FM Decree Subsection 2(4) within 15 days following the expiry of the extended deadline under [Subsection 6:449\(1\) of Act V of 2013 on the Civil Code](#). If the policyholder and the insured under an insurance contract are the same person and the insurance contract is terminated as a result of that person's death, the insurer shall send the information referred to in FM Decree Subsection 2(4) to the beneficiary within 15 days of obtaining proof of the beneficiary's identity.

In addition to the regular information referred to in FM Decree Subsection 2(1), the insurer shall, within 15 days of the policyholder's written or otherwise identifiable request, inform the policyholder by providing the details required under FM Decree Subsection 2(1) in the form agreed with the policyholder. When producing the information for the period indicated in the request, in application of FM Decree Subsection 1(5) the insurer shall take into account data between the first and last dates for which data are available. The insurer may provide that service at additional cost to the policyholder.

The insurer shall detail the position of the account by indicating the number of units per asset fund and presenting the value of units based on the exchange rates and other finalized data for the day referred to in FM Decree Subsection 1(5)(a).

When presenting insurance premiums, the insurer shall separately state the regular and single premiums received, as well as their dates of their receipt and investment.

The insurer shall present each cost or deduction charged to the insurance contract, whether earmarked or effectively applied, by legal basis.

Payments made by the insurer under the insurance contract shall be indicated in the information by legal basis.

In addition to payment amounts, the insurer shall state the costs deducted in respect of each payment.

Where the general terms and conditions included in the contract specify a purchase price, the insurer shall provide the information required under the Decree by taking that price into account.

The insurer shall state the amount of any policy loan taken by the policyholder as debt on the policyholder's account.

On every business day the insurer shall publicly disclose the price of units linked to unit-linked life insurance and the net asset value of the asset funds

- a) by publishing a daily update on the insurer's website,
- b) through the information service available on the insurer's telephone number during business

hours, and

- c) in the form of information available at the insurer's customer service offices during business hours.

Through all of the information channels referred to in FM Decree Subsection 4(1), the insurer shall provide monthly updates on the composition of its asset funds in terms of specific forms of investment (shares, bonds, cash, other) (FM Decree, Sections 2–4)

Following conclusion of the life insurance contract, the insurance company shall notify – in a clearly verifiable and identifiable manner – the policyholder within thirty days of the effective date of the contract – in the official language of the Member State of the commitment or in another language if the policyholder so requests and if there is an agreement to that effect – that the contract has entered into existence.

If the policyholder is a consumer, when providing the information under IA Subsection 157(1) the insurance company shall be required to draw attention to the provisions contained in IA Section 122.

A natural person entering into the life insurance contract acting for purposes which are outside his trade, business or profession shall be entitled to cancel the life insurance contract in writing – without having to show cause – within thirty days from the date of receipt of the notification referred to in IA Section 157.

Within thirty days following receipt of the policyholder's written cancellation, the insurance company shall account for any and all payments made by the client in connection with the insurance contract in question.

No waiver of the cancellation right of policyholders shall be considered valid.

Unless otherwise provided for by law, the client's right of cancellation referred to in IA Subsection 122(1) shall not apply:

- a) to life insurance policies tied to a credit or loan agreement for the purpose of credit protection, where the amount borrowed is repaid – in full or in part – as contracted from the amount of coverage fixed in the life insurance policy (credit life insurance);
- b) to life insurance contracts concluded for a term of less than six months.

(Insurance Act, Sections 157 and 122)

Within the meaning of the provisions contained in Act LXII of 2009 on Insurance Against Civil Liability in Respect of the Use of Motor Vehicles ('MVLIA'), insurance companies are required to publish their rates for each individual insurance policy for the period beginning on a predetermined day after sixty days from the date of publication, on the Magyar Nemzeti Bank's website in the form decreed by the MNB's Governor, and shall simultaneously post them on their own websites and on the website of MABISZ. In the event of any inconsistency, the rates published on the MNB's website shall apply. (Motor Vehicle Liability Insurance Act, Subsection 23(3))

Insurance companies are required to make available their policy conditions and their premium tariff rates in their customer areas and on their websites and shall keep them accessible continuously at all times.

In granting the access provided under the previous Subsection, in a manner sufficient to focus attention the insurance company shall indicate, regarding its premium rates, that the rates to be applied as provided for in MVLIA Subsection 23(3) may discriminate only to the benefit of policyholders whose contracts have been amended under MVLIA Subsection 24(1) in terms of whether a contract is recognized as a new contract or considered as amended under MVLIA Subsection 24(1). (Motor Vehicle Liability Insurance Act, Subsections 23(4)–(4a))

Where an insurance company provides motor vehicle liability insurance in the form of cross-border services and has no establishment in the territory of Hungary, it shall ascertain that the information

mentioned in MVLIA Subsection 23(4) is posted at the main offices or the private home of the claims adjustment representative, and made available for consultation. (Motor Vehicle Liability Insurance Act, Subsection 23(5))

Under IA Section 158/A, marketing communications related to insurance products shall be presented in a way that is easily intelligible, clearly written, accurate, not misleading and fair, and marketing communications shall always be clearly identifiable as such.

In addition to the information requirements provided for in the IA, prior to the conclusion of an insurance contract – irrespective of whether cross-selling practices under IA Section 158/C are being exercised or not – the insurance company shall specify, on the basis of information obtained from the client, the demands and the needs of that client and shall provide the client with objective information about the insurance product in a comprehensible form to allow that client to make an informed decision.

In accordance with the above, any insurance product proposed by the insurance company to the client shall be consistent with the client's insurance demands and needs determined based on the information supplied by the client.

Where advice is provided prior to the conclusion of any specific insurance contract, the insurance distributor shall provide – in addition to what is contained in IA Subsections 158/B(1) and (2) – the client with a personalized recommendation relating to a particular insurance product or products, explaining why that product would best meet the client's demands and needs.

The information and proposal referred to in IA Subsections 158/B(1)–(3) may be modified according to the complexity of the insurance product being proposed and the type of client.

In relation to the distribution of non-life insurance products as listed in IA Annex 1, the information under IA Section 158/B shall be provided by way of a standardized insurance product information document on paper or on another durable medium, and it shall be drawn up by the manufacturer of the non-life insurance product.

The insurance product information document provided for in IA Subsection 158/B(5) shall meet the following requirements:

- a) it shall be a short and stand-alone document;
- b) it shall be presented and laid out in a way that is clear and easy to read, using characters of a readable size;
- c) it shall be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white;
- d) it shall be written in the official languages, or in one of the official languages, used in the place where the insurance product is offered or, if agreed by the consumer and the insurance distributor, in another language;
- e) it shall be accurate and not misleading;
- f) it shall contain the title 'insurance product information document' at the top of the first page;
- g) it shall include a statement that complete pre-contractual and contractual information on the product is provided in other documents, and shall specify such documents.

The insurance product information document referred to in Subsection (5) shall contain the following information:

- a) information about the type of insurance;
- b) a summary of the insurance cover, including the main risks insured, the insured sum and, where applicable, the geographical scope and a summary of the excluded risks;

- c) the means of payment of premiums and the scheduling of payments;
- d) main exclusions where claims cannot be made;
- e) obligations at the start of the contract;
- f) obligations during the term of the contract;
- g) obligations in the event that a claim is made;
- h) the term of the contract including the start and end dates of the contract;
- i) the means of terminating the contract.

The insurance product information document referred to in IA Subsection 158/B(5) shall be made available together with the information under IA Subsection 152(1), in accordance with the requirements set out in IA Subsection 158/B(6).

The provisions set out in Section 158/B shall be applied in accordance with Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardized presentation format for the insurance product information document.

This Section shall not apply to insurance products which consist of the insurance of large risks. (Insurance Act, Subsections 158/B(1)–(10))

When an insurance product is offered together with an ancillary product or service which is not insurance, as part of a package or the same agreement, the insurance company shall inform the client whether it is possible to buy the different components separately and, if so, shall provide an adequate description of the different components of the agreement or package as well as separate evidence of the costs and charges of each component.

In the case provided for in the above Subsection, where the risk or the insurance coverage resulting from such an agreement or package offered to a client is different from that associated with the components taken separately, the insurance company shall provide an adequate description of the different components of the agreement or package and the way in which their interaction modifies the risk or the insurance coverage.

Where an insurance product is ancillary to a good or a service which is not insurance, as part of a package or the same agreement, the insurance company shall inform the client whether it is possible to buy the different components separately, except where the insurance product is ancillary to an investment service or activity, a credit agreement for a residential loan or a loan agreement, or a payment account.

In the cases referred to in IA Subsections 158/C(1) and (3), the insurance company shall specify the demands and needs of the client in relation to the insurance products that form part of the overall package or the same agreement.

IA Section 158/C shall not affect the distribution of insurance products which provide coverage for various types of risks. (Insurance Act, Subsections 158/C(1)–(5))

The additional requirements laid down in IA Chapter XII/A shall apply to the distribution of insurance-based investment products of insurance companies, in conjunction with the provisions adopted by the European Commission within the meaning of Article 28(4), Article 29(4) and Article 30(6) of Directive 2016/97/EU of the European Parliament and of the Council.

Under IA Section 166/B, the sale of insurance-based investment products must be accompanied by advice.

In addition to the obligation of disclosure of information under the IA, insurance companies shall provide appropriate information in good time, prior to the conclusion of a contract, to clients or potential clients with regard to the distribution of insurance-based investment products, and with regard to all costs and related charges. That information shall include at least the following:

- a) the insurance company shall provide the client with a periodic assessment of the suitability of the insurance-based investment products recommended to that customer, referred to in IA Subsection 166/E(7);
- b) as regards the information on insurance-based investment products and proposed investment strategies, appropriate guidance on, and warnings of, the risks associated with the insurance-based investment products or in respect of particular investment strategies proposed, so as to make an informed investment decision;
- c) as regards the information on all costs and related charges to be disclosed, information relating to the distribution of the insurance-based investment product, including the cost of advice, where relevant, the cost of the insurance-based investment product recommended or marketed to the client and how the client may pay for it, also encompassing any third party payments.

In addition to what is contained in IA Subsection 156(1), the insurance company shall provide information on a durable medium on a regular basis, at least annually about the services it provides and, where appropriate, on the costs associated with the transactions and services undertaken on behalf of the client, taking into account the type and the complexity of insurance-based investment products involved and the nature of the service provided to the client. (Insurance Act, Subsections 166/D(1) and 166/E(4))

In addition to the provisions of the IA relating to the remuneration of insurance distributors, and as a precondition in fulfilling the obligations under IA Subsection 130/A(1) and Section 166/C, insurance companies are required to comply with the requirement that where they pay or are paid any referral fee or commission, or provide or are provided with any non-monetary benefit in connection with the distribution of an insurance-based investment product or an ancillary service, to or by any party except the client or a person on behalf of the client only where the payment or benefit:

- a. does not have a detrimental impact on the quality of the relevant service to the client; and
- b. does not impair compliance with the insurance company's duty to fulfil its obligation under IA Subsection 130/A(1).

Where an insurance company proposes to sell insurance-based investment product, in the exercise of the right of establishment or the freedom to provide services, to a client whose habitual residence or registered office is situated in a Member State that applies stricter rules than this Act regarding the requirements concerning the distribution of insurance-based investment product, such stricter rules shall apply.

IA Sections 166/B, 166/D and 166/E shall not apply if the client qualifies as a professional client as defined in the Investment Firms Act.

Insurance intermediaries and ancillary insurance intermediaries play a key role in the adequate information of consumers.

The MNB may periodically request information from the Hungarian branches of insurance intermediaries and ancillary insurance intermediaries established in other Member States, or from insurance intermediaries and ancillary insurance intermediaries established in other Member States in connection with their insurance mediation and/or ancillary insurance mediation activities performed in the form of cross-border services and the related documents in order to verify their compliance with the legislation provided for in MNB Act Subsection 43(2)(t). (Insurance Act, Section 425)

In the case of non-advised sales, in carrying out work preparatory to the conclusion of insurance contracts, the multiple agent shall – in addition to and in accordance with the requirements set out in the IA on non-advised sales – perform an analysis for the purpose of comparison in the product group giving appropriate consideration to the needs of the client, so as to allow the client to find the best products to meet his needs.

In the case of advised sales, in carrying out work preparatory to the conclusion of insurance contracts, the multiple agent shall – in addition to and in accordance with the requirements set out in the IA on advised sales – perform an analysis for the purpose of comparison in the product group giving appropriate consideration to the needs of the client, and shall provide the client with a personalized recommendation relating to a particular insurance product or products on the basis of and depending on certain analytical requirements consistent with the client's demands and needs ascertained relying on information given by the client, explaining why that product would best meet the client's demands and needs.

The information referred to in the foregoing shall indicate whether the analysis covers the full spectrum of competing products distributed by the multiple agent or a sufficient number of such products, and the analysis is to be given to the client by means which can be proved.

(Insurance Act, Subsections 387(3)–(5))

In the case of advised sales, the insurance broker shall – in addition to and in accordance with the requirements set out in the IA on advised sales – give advice to the client on the basis of a fair and personal analysis and, to that end, perform an objective analysis of a sufficient number of insurance products competing on the market in carrying out work preparatory to the conclusion of insurance contracts, and shall provide the client with a personalized recommendation relating to a particular insurance product or products on the basis of and depending on certain analytical requirements consistent with the client's demands and needs ascertained relying on information given by the client, explaining why that product would best meet the client's demands and needs.

The broker shall provide the analysis referred to in the previous Subsection to the client by means which can be proved.

(Insurance Act, Subsections 398(6)–(7))

In the case under IA Subsection 398(4) and subject to the requirements set out in the IA in relation to insurance distribution, the broker shall not be subject to the obligation provided for in IA Subsections 398 (5) and (6) concerning the analysis of insurance products, however, the broker is required to inform the client, by means which can be proved:

- a) that the analysis of a sufficient number of insurance products competing on the market has not been carried out in connection with the given insurance product, and
- b) about the insurance company whose insurance product is being offered.

(Insurance Act, Subsection 398(8))

Unless otherwise provided for by law, before an insurance contract is concluded, the insurance intermediary shall provide easily intelligible, clearly written, not misleading, fair and detailed information free of charge that is verifiable and documented, written in the official language of the Member State of the commitment, on the following:

- a) that the intermediary pursues the activity of an insurance intermediary, the name of the natural person carrying out that activity, the corporate name and registered office of the economic operator in or for which the activity is carried out, and the designation of the competent supervisory authority;

- b) the supervisory register in which the intermediary is listed, including an indication as to how the register can be accessed;
- c) any qualifying interest the intermediary may have in the insurance company in question;
- d) any qualifying interest the insurance company in question or the parent company of this insurance company may have in the insurance intermediary;
- e) in the case of insurance agents on the information referred to in IA Subsection 159(1), and in the case of multiple agents and brokers on the information referred to in IA Subsection 382(1), and facilities for lodging complaints concerning the intermediary's activity with the MNB or with the arbitration bodies, as appropriate according to the nature of the complaint (showing the registered address, phone number and internet address, and the mailing address), and information about the judicial process;
- f) the person to be held liable for any damage caused or restitution incurred in his capacity as an insurance intermediary;
- g) whether the insurance intermediary is acting as an independent or a tied insurance intermediary;
- h) if a tied insurance intermediary, the name of the insurance companies on whose behalf the intermediary is acting or authorized to act;
- i) description of the insurance products which the intermediary is entitled to offer;
- j) whether the intermediary provides advice about the insurance products sold;
- k) an indication of entitlement to receive payment of premium or premium advance from the client;
- l) if an independent insurance intermediary, an indication of whether the intermediary is entitled to collect any sum of money from the insurance company on the client's behalf, and if so, any limit as to the amount;
- m) if a tied insurance intermediary, an indication of not being allowed to collect any sum of money from the insurance company on the client's behalf in advance;
- n) if a tied insurance intermediary, the type of representation right the intermediary has under the agreement concluded with the insurance company, in particular as regards the right to conclude the insurance contract on behalf of the insurance company;
- o) if an independent insurance intermediary, in relation to the insurance products proposed or advised upon, whether the intermediary gives advice on the basis of a fair and personal analysis;
- p) if an independent insurance intermediary, where the intermediary does not give advice on the basis of a fair and personal analysis, the names of the insurance companies whose products the intermediary distributes;
- q) the nature of the remuneration received in relation to the insurance contract as to whether the intermediary works
 - qa) on the basis of a fee, i.e. the remuneration is paid directly by the client, in which case the insurance intermediary shall inform the client of the amount of the fee or, where that is not possible, of the method for calculating the fee,
 - qb) on the basis of a commission of any kind received from the insurance company, that the remuneration is included in the insurance premium,
 - qc) on the basis of any other type of remuneration, including an economic benefit of any kind offered or given in connection with the insurance contract, or
 - qd) on the basis of a combination of any type of remuneration set out in (qa)–(qc).

In addition to the above, insurance intermediaries are also required to comply with the obligations specified in IA Subsections 152(1)(a)–(d) and (2), 153(1)–(2a) and (5), and Section 155.

Insurance intermediaries shall supply information, by way of the means specified in IA Subsection 378(1), to policyholders:

- a. with respect to any changes in the data provided for in IA Subsection 378(1)(a), within fifteen days from the effective date of such changes;
- b. with respect to any changes in the data provided for in IA Subsections 378(1)(b)–(p), at the time of amendment or renewal of the contract.

If any payments, other than the ongoing premiums and scheduled payments, are made by the client under the insurance contract after its conclusion, the insurance intermediary shall also make the disclosures in accordance with IA Subsections 378(1)(c), (d), (g), (h), (o), (p) and (q) for each such payment.

In accordance with IA Subsection 378(1), an ancillary insurance intermediary shall communicate the following information to clients:

- a) that the activity of an insurance intermediary is ancillary to the principal activity of the insurance intermediary, the name of the natural person carrying out that activity, the corporate name and registered office of the economic operator in or for which the activity is carried out, and the designation of the competent supervisory authority for that economic operator;
- b) the supervisory register in which the economic operator is listed, including an indication as to how the register can be accessed;
- c) depending on whether the intermediary is acting on behalf of an insurance company, a broker or a multiple agent, the information relating to IA Subsection 159(1) or IA Subsection 382(1) (including the name and address of the given insurance company, broker or multiple agent), as well as facilities for lodging complaints concerning the intermediary's activity with the MNB or with the arbitration bodies, as appropriate according to the nature of the complaint (showing the registered address, phone number and internet address, and the mailing address), and information about the judicial process;
- d) the nature of the remuneration received in relation to the insurance contract;
- e) the entity on whose behalf and under whose responsibility the intermediary is acting;
- f) the choice of products available, and that a wider range of products may be available through other insurance distribution channels;
- g) whether the intermediary provides advice – within the applicable limits – about the insurance products sold. (Insurance Act, Subsection 378(5))

The information under IA Subsections 378(5)(e)–(g) may be disclosed by means other than writing, provided that the ancillary insurance intermediary documents the disclosure of such information with the client's explicit statement of consent attached. (Insurance Act, Subsection 378(5a))

The provisions of IA Section 130/A, Subsections 152(3)–(3c) and (7), and Sections 158–158/C shall apply to insurance intermediaries and ancillary insurance intermediaries mutatis mutandis.

The provisions of IA Sections 166/A–166/F shall apply to insurance intermediaries mutatis mutandis. Insurance intermediaries and ancillary insurance intermediaries shall not be subject to the obligation provided for in IA Section 378 if the contract is an insurance contract which consists of the insurance of large risks.

(Insurance Act, Subsections 378(1)–(8))

The person referred to in IA Subsection 368(1) shall – acting under the responsibility of his employer broker or multiple agent – provide information on what is contained in IA Section 152/A, by way of the means therein provided for, to the clients, with reference to the employer insurance intermediary. (Insurance Act, Section 378/A)

1.3. ENFORCEMENT OF CONSUMERS' CLAIMS AND RIGHTS

Under a liability insurance contract, the insured person may claim to be discharged by the insurer from the statutory obligation to compensate for any damage or pay a grievance award, in the way and to the extent defined in the contract.

The insurance shall cover procedural costs if they arose from the guidance, or with the prior consent of

the insurer. At the request of the insured person, the insurer shall pay costs in advance.

The insurer shall reimburse the costs of legal representation of the insured person causing damage, and the interest as well, even if those, together with the amount of damages, exceed the sum insured.

Within the time limit set in the contract and subject to the legal consequences determined for the breach of the reporting obligation, the insured person shall report in writing to the insurer if a claim for damages has been communicated against him in connection with his activity determined in the contract, or if he becomes aware of circumstances that may serve as a basis for such a claim for damages. A time limit of at least thirty days shall be provided for reporting the insured event.

The insurer shall perform his services to the injured party. The insured person may require the insurer to perform to him, if he has satisfied the claim of the injured party.

If the insured person argues, in an obviously unjustified way, his liability for claims for damages formulated against him or the extent of his liability expressed in pecuniary terms, the insurer shall be entitled to perform to the injured party. The additional costs of unjustified denial shall be borne by the insured person; if the costs had been borne by the insurer, the insured person shall reimburse them.

Unless otherwise provided by law, the injured party shall not enforce his claim for damages directly against the insurer.

This rule shall not prevent the injured party from bringing an action against the insurer to have the court decide whether the insured person's liability insurance covered the damage of the injured party at the time when the damage was caused.

The insured person's acknowledgement, performance and settlement made in connection with the injured party's claim for damages shall be effective against the insurer if the insurer has given its prior consent to them or has acknowledged them afterwards.

The insurer shall not rely on the fact that the insured person's acknowledgement, performance or settlement made in connection with the injured party's claim for damages is not effective against him if the claim is obviously well-founded.

The court's finding against the insured person shall be effective against the insurer if it participated in the court procedure, arranged for the representation of the insured person or has renounced to avail of these possibilities.

(Civil Code, Sections 6:470–6:474)

Insurance companies shall provide facilities for their clients and consumer associations to lodge a complaint they may have relating to the insurance company's or the insurance company's ancillary insurance intermediary's or agent's conduct, activity or any alleged infringement orally (in person, by telephone) or in writing (by means of document delivered in person or by others, by post, fax transmission, or by electronic mail).

Where complaints are handled by telephone, the insurance company shall record the communication between the insurance company, the client and the consumer associations, and shall retain the sound recordings for a period of five years. The client and the consumer association shall be informed thereof at the start of processing by telephone. At the request of the client and the consumer associations, a sound recording shall be replayed, and, as requested, a certified report on the sound recording, or a copy of the sound recording shall be made available free of charge within twenty-five days.

The insurance company shall retain the complaint and the reply provided for a period of five years, and shall make them available to the MNB on request.

Insurance companies shall not be authorized to charge the costs of investigating complaints to the consumers. Handling complaints by telephone may not be operated by means of premium rate phone services.

Insurance companies shall designate a consumer protection officer for handling consumer affairs, and shall notify the MNB of this officer in writing within fifteen days, including any subsequent changes in his person.

The obligation set out in IA Section 159 shall not apply to insurance companies in connection with reinsurance contracts and insurance contracts covering large exposures.

The detailed regulations regarding the complaints handling procedures of insurance companies, and their complaints handling policy shall be decreed by the Government. (Insurance Act, Subsections 159(1)–(7))

Multiple agents and brokers shall provide facilities for their clients and consumer associations to lodge a complaint they may have relating to the multiple agent, broker or their ancillary insurance intermediary' conduct, activity or any alleged infringement orally (in person, by telephone) or in writing (by means of a document delivered in person or by others, by post, fax transmission, or by electronic mail).

As regards other aspects of the complaint handling procedures of multiple agents and brokers the provisions of IA Subsections 159(2)–(5) shall apply on the understanding that any reference made in a given provision to insurance company it shall be construed as multiple agent or broker.

The first sentence of IA Subsection 159(2) and the requirements set out in the government decree on detailed regulations regarding the complaints handling procedures of insurance companies, multiple agents and brokers, and their complaints handling policy on providing facilities for making appointments for personal interview and to receiving calls and dealing with complaints within a reasonable period of time shall apply with the derogation that multiple agents and brokers may satisfy the requirement to investigate the complaint immediately by recording the call of the client, upon which the multiple agent and the broker shall return the call at the latest on the next business day by means of recorded message for effectively handling the complaint on the merits. The returned call shall be archived for one year.

A multiple agent or broker may outsource any part of the complaints handling process under the obligation to ensure compliance with the rules of confidentiality provided for in IA Subsection 379(3).

A multiple agent or broker qualifying as a micro-enterprise according to Subsection 3(3) of Act XXXIV of 2004 on Small and Medium-sized Enterprises and the Promotion of Their Development shall not be required to appoint a contact person for consumer protection matters.

The detailed regulations regarding the complaints handling procedures of multiple agents and brokers, and their complaints handling policy shall be decreed by the Government. (Insurance Act, Section 382)

1.4. PROTECTION OF CONFIDENTIAL INFORMATION AND DATA PROTECTION

Insurers and reinsurers

In the field of insurance, the protection of confidential information and data protection are subject to rules that are specific to the sector. The IA defines 'insurance secret' as all data – other than classified information – in the possession of insurance companies, reinsurance companies and insurance intermediaries that pertain to the personal circumstances and financial situations (or business affairs) of

their clients (including claimants), and the contracts of clients with insurance companies and reinsurance companies. (Insurance Act, Subsection 4(1))

Unless otherwise provided for by law, the owners, directors and employees of insurance and reinsurance companies, and all other persons having access to insurance secrets in any way or form during their activities in reinsurance-related matters shall be subject to the obligation of professional secrecy without any time limitation.

(Insurance Act, Subsection 135(3))

Insurance and reinsurance companies shall be allowed to process the data of clients which are considered insurance secrets only to the extent that they relate to the relevant insurance contract, with its creation and registration, and to the service. Processing of such data shall take place only to the extent necessary for the conclusion, amendment and maintenance of the insurance contract and for the evaluation of claims arising from the contract or for any other purpose specified in the IA.

Insurance and reinsurance companies shall obtain the data subject's prior consent for processing data for purposes other than what is contained in the above Subsection. The client shall not suffer any disadvantage if the consent is not granted, nor shall any advantage shall be given if it is granted.

According to the Act on the Processing and Protection of Personal Data in the Field of Medicine, insurance companies shall be authorized to process any data pertaining to the medical condition of clients only for the reasons set out in IA Subsection 135(1) and only in possession of the express consent of the data subject.

(Insurance Act, Subsections 135(1)–(2) and Section 136)

Within the meaning of IA Section 137, insurance secrets may only be disclosed to third parties:

- a) under the express prior written consent of the insurance or reinsurance company's client to whom they pertain, and this consent shall precisely specify the insurance secrets that may be disclosed;
- b) if there is no obligation of professional secrecy under the IA;
- c) if the certification body, including its subcontractor, hired by an insurance or reinsurance company, received such confidential information in carrying out the certification process.

The requirement of confidentiality concerning insurance secrets shall not apply to:

- a) the MNB in exercising its designated functions;
- b) the body conducting preliminary proceedings, the investigating authority and the public prosecutor's office;
- c) the court of law in connection with criminal cases, civil actions or non-contentious proceedings, and administrative actions, including the experts appointed by the court, and the independent court bailiff, the administrator acting in bankruptcy proceedings, the temporary administrator, extraordinary administrator, liquidator acting in liquidation proceedings in connection with a case of judicial enforcement, the principal creditor in debt consolidation procedures of natural persons, the Family Bankruptcy Protection Service, the family administrator, the court;
- d) notaries public, including the experts they have appointed, in connection with probate cases;
- e) the tax authority in the cases referred to in IA Subsection 138(2);
- f) the national security service in exercising its designated functions;
- g) the Hungarian Competition Authority in exercising its designated functions;
- h) the guardian authority in exercising its designated functions;
- i) the government body in charge of the healthcare system in the case defined in Subsection 108(2) of Act CLIV of 1997 on Healthcare;
- j) bodies authorized to conduct covert information gathering operations if the conditions prescribed in specific other act are provided for;
- k) providers of reinsurance, other members of the group and providers of co-insurance, where

applicable;

l) the bureau of insurance policy records maintaining the central policy records with respect to data transmitted as governed by law, the claims records agency keeping accident and claims records, the traffic control authority in connection with road transport administrative actions relating to vehicles which are not listed in the motor vehicle registry, and the body operating the register of motor vehicles;

m) the receiving insurance company with respect to insurance contracts conveyed under a portfolio transfer arrangement, as provided for by the relevant agreement;

n) with respect to the information required for settlement and for the enforcement of compensation claims, and also for the conveyance of these among one another, the body operating the Compensation Fund and/or the Claims Guarantee Fund, the National Bureau, the correspondent, the Information Center, the Claims Organization, claims representatives and claims adjustment representatives, or the responsible party if wishing to access – in exercising the right of self-determination – the particulars of the other vehicle that was involved in the accident from the accident report for the purpose of settlement;

o) the outsourcing service provider with respect to data supplied under outsourcing contracts, and the auditor with respect to data required for carrying out the audits;

p) third-country insurance companies and insurance intermediaries in respect of their branches, if they are able to satisfy the requirements prescribed by Hungarian law in connection with the management of each datum and the country in which the third-country insurance company is established has regulations on data protection that conform to the requirements prescribed by Hungarian law;

q) the commissioner of fundamental rights in exercising its designated functions;

r) the National Authority for Data Protection and Freedom of Information in exercising its designated functions;

s) the insurance company in respect of the bonus-malus system and the bonus-malus rating, and the claims record and the bonus-malus rating in the cases specified in the decree on the detailed rules for the verification of casualties;

t) the agricultural damage survey body, the agricultural administration body, the agricultural damage compensation body, and the institution delegated to conduct economic assessments under the supervision of the ministry directed by the minister in charge of the agricultural sector in respect of insured persons claiming any aid for the payment of agricultural insurance premiums;

u) the authority maintaining a register of liquidator companies;

v) MABISZ in connection with gathering data provided through the e-claim platform provided for in the MVI with respect to operating the e-claim reporting application, for collecting information relevant to the insured event and forwarding such information to the insurance companies for the purpose of settlement;

upon receipt of a data request, and/or written inquiry from a body or person referred to in (a)–(j), (n), (s), (t) and (u) above indicating the name of the client or the description of the insurance contract, the type of data requested and the purpose of and the grounds for requesting data, with the exception that the bodies or persons referred to in (p)–(s) are required to indicate only the type of data requested and the purpose and grounds for requesting it. An indication of the statutory provision granting authorization for requesting data shall be treated as verification of the purpose and legal grounds.

(Insurance Act, Subsection 138 (1))

The obligation to keep insurance secrets shall not apply when:

a) Hungarian law enforcement agency makes a written request for information – that is considered insurance secret – in order to fulfil the written requests made by a foreign law enforcement agency pursuant to an international agreement;

b) the national financial intelligence unit makes a written request for information – that is considered insurance secret – from an insurance company acting within its powers conferred under the Money Laundering Act or in order to fulfil the written requests made by a foreign financial intelligence unit, and in connection with the insurance or reinsurance company fulfilling its obligation relating to policies and procedures at the group level for combating money laundering and terrorist financing.

(Insurance Act, Section 139)

It shall not constitute a violation of professional secrecy where an insurance or reinsurance company supplies information to a third-country insurance or reinsurance company or a third-country data processing agency:

a) if the client to whom such information pertains (hereinafter referred to as “data subject”) has given his prior written consent, or

b) if - in the absence of the data subject’s consent - the data transfer is made in compliance with the provisions applicable to the transfer of personal data to third countries.

The provisions governing data disclosure within the domestic territory shall be observed when sending data that is treated as an insurance secret to another Member State. (Insurance Act, Section 140 (1)-(2))

The following shall not be construed a breach of insurance secrecy:

a) the disclosure of data compilations from which the clients’ personal or business data cannot be identified;

b) in respect of branches, transfer of data for the purpose of supervisory activities to the supervisory authority of the country where the registered address (main office) of the foreign-registered company is located, if such transfer is in compliance with the agreement between the Hungarian and the foreign supervisory authorities;

c) disclosure of information, other than personal data, to the minister for legislative purposes and in connection with the completion of impact assessments;

d) the disclosure of data in order to comply with the provisions contained in the Act on the Supplementary Supervision of Financial Conglomerates.

Insurance and reinsurance companies may not refuse to disclose the data specified above on the grounds of protection of insurance secrets. (Insurance Act, Section 141 (1)-(2))

The personal data indicated in the data transfer records, and the data treated as special data or personal data from the criminal records shall be deleted, respectively, after five years and twenty years following the date of disclosure.

The insurance or reinsurance company shall not be authorized to notify the data subject when data is disclosed pursuant to Section 138 (1) *b)*, *f)* and *j)*, and Section 138 (6) of Insurance Act.

Insurance and reinsurance companies shall be entitled to process personal data during the life of the insurance or reinsurance contract or other contractual relation, and as long as any claim can be asserted in connection with the insurance, reinsurance or contractual relation. (Insurance Act, Section 142 (1)-(3))

Insurance and reinsurance companies shall be entitled to process personal data relating to any un concluded insurance or reinsurance contract as long as any claim can be asserted in connection with the failure of the contract.

Insurance and reinsurance companies shall be required to delete all personal data relating to their current or former clients or to any frustrated contract in connection with which the data in question is no longer required, or the data subject has not given consent, or if it is lacking the legal grounds for processing such data.

The rights of a deceased person in terms of data processing may be exercised by the heir or by the person named as the beneficiary in the insurance contract.

As of 10 March 2021, insurance companies shall be entitled to disclose data in connection with the property insurance of a deceased policyholder up to the date of gaining knowledge of the conclusion of probate proceedings by final decision, solely in the interest of keeping the affected insurance contract alive by the payment of premium on the existence of the insurance contract, the number of the insurance policy, standard contract terms and conditions, premium balance, the amount of any premium owed, the anniversary of the contract to the close relative of the deceased policyholder or the holder of the asset, upon written request, subject to documentary proof of the applicant’s such capacity. Such disclosure of data to the close relative or to the holder of the assets shall not constitute a breach of the

insurance secret. The insurer shall process the personal data of the applicant for five years after the disclosure – or if the period specified in Section 142(3) is longer than this – for the period specified in Section 142 (3). (Insurance Act, Sections 143 (1)-(5))

Any information that is declared to be information of public interest or public information, and as such is rendered subject to disclosure under the Information Act may not be withheld on the grounds of being treated as a trade secret or insurance secret.

Other issues relating to insurance secrets and trade secrets shall be governed by the relevant provisions of the Civil Code and Act LIV of 2018 on the Protection of Business Secrets.

(Insurance Act, Sections 147 (2)–(3))

Additional provisions relating to confidentiality and data protection (including without limitation the rules for the disclosure of data from insurers and reinsurers in third countries, processing data relating to deceased persons, commitments under FATCA, and the disclosure of information reported in accordance with Section 164/B of the Credit Institutions Act) are laid down in Chapter X of the Insurance Act.

Insurance intermediaries and ancillary insurance intermediaries

Insurance intermediaries shall be allowed to process the insurance secrets of clients only to the extent that they relate to the relevant insurance contract, with its creation and registration, and to the service. Processing of such data shall take place only to the extent necessary for the conclusion, amendment and continuance of the insurance contract and for the evaluation of claims arising from the contract, or for any other purpose specified in the IA.

Insurance intermediaries shall obtain the data subject's prior consent for processing data for purposes other than what is contained in the above Subsection. The client shall not suffer any disadvantage if the consent is not granted, nor shall any advantage shall be given if it is granted.

Unless otherwise provided for by law, the owners, directors and employees of insurance intermediaries, and all other persons having access to insurance secrets in any way or form during their activities in matters related to the insurance intermediaries shall be subject to the obligation of professional secrecy without any time limitation.

The provisions of IA Sections 137–143 and Sections 145–147 shall also apply to insurance intermediaries, on the understanding that any reference made in a given provision to insurance company shall be construed as insurance intermediary.

The provisions of IA Sections 379–381 shall apply to ancillary insurance intermediaries *mutatis mutandis*. (Insurance Act, Sections 379–381/A)

Data disclosures made for the purpose of protection of risk groups

In discharging the obligations delegated by law, or fulfilling their contractual commitments, in order to provide services in compliance with the relevant legislation or as contracted, and to prevent insurance fraud, an insurance company ('requesting insurance company') shall – in order to protect the interest of risk groups – have the right to make a request to another insurance company ('requested insurance company') with respect to data processed by this insurance company and referred to in IA Subsections 149(3)–(6) in accordance with IA Subsection 135(1), taking into account the unique characteristics of insurance products affected, provided that the requesting insurance company's right thereof is stipulated in the insurance contract.

The request made according to the above Subsection shall contain the information necessary for the identification of the person, property or right defined therein, it shall specify the type of data requested and the purpose of the request. Making a request and complying with one shall not be construed a

breach of insurance secrecy. The responsibility for ascertaining that the request is legitimate as provided for in the above Subsection lies with the requesting insurance company. (Insurance Act, Subsections 149(1) and (7))

The requested insurance company shall make available to the requesting insurance company the data requested in due compliance with the law, inside the time limit specified in the request, or failing this, within fifteen days from the date of receipt of the request. The requested insurance company shall be responsible for the correctness and relevance of the data indicated in the request. (Insurance Act, Subsections 149(2) and (14))

The requesting insurance company may request the following data in connection with the performance of contracts under the branches referred to in IA Annex 1, Part A), Points 1 and 2, and in Annex 2:

- a) the identification data of the policyholder, the insured person and the beneficiary;
- b) information relating to the state of health at the time of recording of the insured person in connection with the risk covered;
- c) information concerning the insurance history of the persons referred to in (a), listing previous settlements under the branch to which IA Subsection 149(3) pertains;
- d) information relating to the assessment of risk in connection with any policy provided by the requested insurance company; and
- e) information for verifying the legal grounds for a settlement to be paid in connection with any policy provided by the requested insurance company.

(Insurance Act, Subsection 149(3))

The requesting insurance company may request the following data in connection with the performance of contracts under the branches referred to in IA Annex 1, Part A), Points 3–9 and 14–18:

- a) the identification data of the policyholder, the insured person, the beneficiary and the injured party;
- b) information for the identification of property and assets, claims or rights insured;
- c) information concerning previous settlements relating to the property and assets, claims or rights referred to in (b);
- d) information relating to the assessment of risk in connection with any policy provided by the requested insurance company; and
- e) information for verifying the legal grounds for a settlement to be paid in connection with any policy provided by the requested insurance company.

The requesting insurance company may request the following data in connection with the performance of contracts under the branches referred to in IA Annex 1, Part A), Points 10–13:

- a) subject to the injured party's prior consent, the identification data of the injured party;
- b) the identification data of the policyholder, the insured person, the beneficiary, and the data referred to in IA Subsections 149(4)(b)–(e);
- c) subject to the injured party's prior consent, information relating to the state of health at the time of recording of any person seeking settlement for personal injury or restitution for any violation of personality rights, in connection with the risk covered;
- d) information, with all personal data removed, concerning the insurance history related to the damaged property or asset, listing previous settlements under the branch to which IA Subsection 149(5) pertains;
- e) subject to the injured party's prior consent, information concerning the insurance history of the persons seeking settlement for personal injury or restitution for any violation of rights relating to personality, listing previous settlements under the branch to which IA Subsection 149(5) pertains.

The requesting insurance company may request the information in connection with the performance of contracts under the branches referred to in IA Annex 1, Part A), Points 3 and 10, based on the vehicle's

identification data (registration plate number, chassis number), with or without the injured party's prior consent relating to losses under the branch referred to in IA Annex 1, Part A), Point 10:

- a) information concerning the insurance history related to the vehicle in question, such as in particular the dates when the losses occurred, the legal basis, how the vehicle was damaged and information as to the settlement for covering such losses, including the damages sustained by the motor vehicle indicated by the requesting insurance company, caused by means other than a motor vehicle;
- b) the findings of the assessment of damages performed by the insurance company on the vehicle in question, and the amount of damages.

(Insurance Act, Subsections 149(4)–(6))

The requesting insurance company shall be allowed to process data obtained through the request for a period of ninety days from the date of receipt. If the data obtained by the requesting insurance company through the request is necessary for the enforcement of that insurance company's legitimate interest, the time limit specified above for data processing shall be extended until the conclusion of the procedure opened for the enforcement of such claim.

If the data obtained by the requesting insurance company through the request for the enforcement of that insurance company's legitimate interest, and the procedure for the enforcement of such claim is not opened inside a period of one year after the data is received, such data may be processed for a period of one year from the date of receipt.

The requesting insurance company shall inform the client affected by the request concerning the request made according to IA Subsection 149(1) and also if the request is satisfied, on the data to which it pertains, at least once during the period of insurance cover.

If the client requests access to his or her personal data and the requesting insurance company no longer has – having regard to IA Subsections 149(8)–(10) – the data to which the request pertains, the client shall be informed thereof.

The requesting insurance company shall not be allowed to connect the data obtained through the request relating to an interest insured, with data it has obtained or processed, for purposes other than those provided for in IA Subsection 149(1).

(Insurance Act, Subsections 149(8)–(13))

In connection with the contracts under the branches referred to in IA Annex 1, Part A), Points 3–6, with respect to insurance contracts, in order to protect the interest of risk groups and in order to provide services in compliance with the relevant legislation or as contracted, and to prevent insurance fraud, insurance companies may set up a common database ('Database') containing:

- a) the identification data of the policyholder;
- b) the particulars of the insured property;
- c) information concerning the insurance history related to the policyholder or the property referred to in (a) and (b), respectively, listing previous settlements; and
- d) the name of the insurance company and the policy number.

(Insurance Act, Subsection 150(1))

Insurance companies shall send the data defined in the previous Subsection to the Database within thirty days from the date of origin of the data in question. The sending insurance company shall be responsible for the correctness and relevance of the data forwarded in the Database. (Insurance Act, Subsections 150(2) and (9))

In order to protect the interest of risk groups, in discharging the obligations delegated by law or fulfilling

their contractual commitments and in order to provide services in compliance with the relevant legislation or as contracted, and to prevent insurance fraud, insurance companies may request data from the Database. If the request is made in compliance with the relevant legislation, the operator of the Database shall make available to the requesting insurance company the data requested within eight days.

The obligation of professional secrecy shall not apply to insurance companies toward the Database, with respect to data disclosed to the Database; moreover, the obligation to keep insurance secrets shall not apply to the operator of the Database with respect to insurance companies, if the request is submitted in accordance with the relevant legislation.

The provisions relating to insurance secrets shall apply mutatis mutandis to the obligation of professional secrecy of the operator of the Database relating to data contained in the Database, and to compliance with requests for data.

The operator of the Database, if the data requested is not available, shall forward such requests made under IA Subsections 138(1)(b), (f), (q) and (r) and 138(3) to the insurance companies authorized to provide services in the classes of insurance affected by the request. The operator of the Database shall notify the requesting party when forwarding his request.

The requesting insurance company shall not be allowed to connect the data obtained through the request relating to an interest insured or to be insured, with data it has obtained or processed, for purposes other than those provided for in IA Subsection 150(3).
(Insurance Act, Subsections 150(3)–(8))

The data specified in IA Subsection 150(1) may be processed for a period of five years following the date of registration, with the exception set out in IA Subsection 150(11). If the insurance contract is concluded, the data referred to in IA Subsection 150(1) may be processed during the life of the contract, until the term of limitation of the claims arising out of, or in connection with, the contract, in the registry specified in that Subsection. The insurance company shall notify the operator of the Database when the contract is terminated and when the claims arising out of, or in connection with, the contract are no longer enforceable.

The insurance company requesting data from the Database shall be allowed to process the data so obtained for a period of ninety days from the date of receipt. If the data obtained by the requesting insurance company through the request is necessary for the enforcement of that insurance company's legitimate interest, the time limit specified in IA Subsection 105(12) for data processing shall be extended until the final conclusion of the procedure opened for the enforcement of such claim.

The insurance company requesting data from the Database shall be allowed to process the data so obtained only for the purpose defined in IA Subsection 150(1).
(Insurance Act, Subsections 150(12)–(13) and (15))

If the data obtained by the requesting insurance company through the request for the enforcement of that insurance company's legitimate interest, and the procedure for the enforcement of such claim is not opened inside a period of one year after the data is received, such data may be processed for a period of one year from the date of receipt. (Insurance Act, Subsection 150(14))

The requesting insurance company shall inform the client concerning the request made according to IA Subsection 150(3), on the data to which it pertains, and also on compliance with the request at least once during the period of insurance cover, and shall inform the client in accordance with the Information Act. (Insurance Act, Subsection 150(16))

Insurance companies shall be able to set up the Database defined in IA Subsection 150(1) if two-thirds of the insurance companies engaged in the pursuit of the classes of insurance referred to in that Subsection – calculated according to their market share existing prior to the conclusion of the agreement – agreed to establish the database, on the conditions of participation and sharing the costs of operating the Database. Furthermore, another prerequisite for setting up the Database is that the insurance companies providing data for the Database install a clause in the contracts affected as regards the possibility of disclosure and transmission of, and allowing access to, data made available for the Database.

(Insurance Act, Section 151)

Information Center

In terms of confidentiality and data protection in insurance, an important exception is the *Information Center*, a body that has been set up for the disclosure of data to facilitate the enforcement of claims resulting from damage caused to third parties during the operation of vehicles, and for the discharge of other duties provided for in specific legislation, and that is operated by insurers providing motor third-party liability insurance. The duties of the Information Center shall be carried out by MABISZ.

The Information Center, at the request of the injured party or the information center of any Member State – or third country based on a valid cooperation agreement – shall make available the following information without delay:

- a) name, address and other contact information of the insurance company of the responsible party;
- b) insurance policy number;
- c) name and address of the insurance company's claims representative in the injured party's state of residence;
- d) name and address of the operator or owner of the motor vehicle at fault, where the injured party may have a legitimate interest in being informed about the identity of the owner and/or the operator.

The Information Center shall cooperate with the information centers of other Member States in order to ensure that the injured party is entitled for a period of seven years after the accident to obtain without delay the information referred to in MVLIA Subsection 54(2):

- a) from the information center of the responsible party's Member State of residence;
- b) from the information center of the Member State where the vehicle is registered;
- c) from the information center of the Member State where the accident occurred.

(Motor Vehicle Liability Insurance Act, Subsections 54(2)–(3))

Information relating to insurance companies and to insurance contracts shall be supplied as pertaining to the time when the accident took place, and relating to claims representatives as pertaining to the time when the reply is made. If the Information Center is unable to provide the information requested within the time limit fixed in the agreement between the information centers for any reason, the requesting party shall be notified thereof inside this time limit with the reasons indicated.

If the motor vehicle that was involved in the accident did not have valid insurance cover at the time the accident occurred, the Information Center shall so inform the requesting party with the particulars of the manager of the Compensation Fund enclosed.

In carrying out data requests under the MVLIA, the Information Center may transfer personal data to the territory of Member States and of other states where data protection regulations offer a level of protection that is equivalent to protection under Hungarian legal regulations.

The Information Center shall forthwith inform the information centers of other Member States

concerning the particulars of the claims representatives of insurance companies, including any subsequent changes in such particulars, as well as to third country information centers based on a valid cooperation agreement. Responsibility as to the authenticity of data lies with the insurance companies having appointed the claims representatives. The list of claims representatives shall be made available on the internet, via the website of MABISZ.

If the motor vehicle that was involved in an accident was exempted according to MVLIA Subsection 57/A(1) at the time the accident occurred, the Information Center shall disclose to the requesting party the name and contact information of the body responsible for providing compensation for damages, and of the body responsible for settlement.

(Motor Vehicle Liability Insurance Act, Subsections 54(4)–(8))

The duties of the claims records agency shall be discharged by the Information Center. (Motor Vehicle Liability Insurance Act, Section 55)

Central Insurance Policy Records

Within the meaning of MVLIA Section 46, the bureau of insurance policy records shall keep records of the data and information contained in the insurance policies taken out for motor vehicles listed in the motor vehicle registry, including motor vehicles or registration plate numbers listed in the register of temporary registration number plates, with a view to discharging the functions related to checks on insurance cover, to supplying information required for the enforcement of claims for losses and injury, and for compensation, and duties prescribed in this Act in connection with motor vehicles, including the particulars on the coverage of risk under MVLIA Subsection 46(2)(e) (central policy records).

From 1 July 2021 the bureau of insurance policy records shall keep a register of the data included in the effective proposal, specified in Section 46(2) *a-e* of MVLIA with the proviso that *a*) in paragraph (2)*b*) no effective proposal can be made related to a temporary registration plate for a given motor vehicle; *b*) paragraph (2) *d*) shall refer to the identification number of the effective proposal under Section 49(1a) (hereinafter: proposal ID number).

The data specified in Section 46 (2) *a-c*) of MVLIA and the change in the data specified in paragraph (2a) corresponding to the data in paragraph (2) *a-c*) shall be included in the central policy records based on the notification by the body keeping the register of motor vehicles and temporary registration number plates.

The central policy records shall contain the following particulars of the policyholder operator, the motor vehicle, registration plate number and the contract:

- a) the policyholder operator's name, from 7 July 2021 the name of the operator or of the beneficiary of the temporary registration number plate (name for legal persons, private entrepreneurs or sole proprietorships, and their registered number or registration number), place of birth, date of birth, mother's name and address (registered office, fixed establishment);
- b) the motor vehicle's registration plate number and chassis number, the registration plate number in the case of an insurance contract obtained for a temporary registration plate rather than a specific vehicle, and the year when the temporary registration plate was issued;
- c) if the registration plate has been replaced, the date when replaced and the previous registration plate number;
- d) name of the insurance company and the policy number;
- e) the starting date of risk coverage, or the period of coverage if the policy is taken out during discontinuance, and if applicable the date of termination, including the reason.

The bureau of insurance policy records shall process the data listed in the previous Subsection for a period of seven years from the time of termination of the insurance contract.

Under MVLIA Subsection 47(1), the following may request data from the central policy records:

- a) with respect to the data provided for in MVLIA Subsection 46(2),
 - aa) specifically in Paragraphs(b), (c) and (e) of that Subsection, the insurance company for discharging its duties conferred under the MVLIA,
 - ab) specifically in Paragraph (d) of that Subsection, the insurance company on behalf of and under authorization by the injured party, for obtaining data with a view to enforcing the rights or lawful interests of such injured party,
relating to the time when the data request is made or pertaining to a previous, specified time;
- b) with respect to the data under MVLIA Subsection 46(2), the manager of the Compensation Fund for the settlement of claims arising from accidents caused by the motor vehicles of uninsured or unknown operators, or by unidentified vehicles, and also in connection with recovering the costs and expenses incurred in connection with the settlement of the injured party's claim, relating to the time when the request for data is made or pertaining to a previous, specified time;
- c) with respect to the data under MVLIA Subsection 46(2), the National Bureau for discharging the duties conferred under this Act relating to coordination and the settlement of claims, as pertaining to the time the accident took place;
- d) with respect to the data under MVLIA Subsection 46(2), the correspondent with a view to handling and settling claims, as pertaining to the time the accident took place;
- e) with respect to the data under MVLIA Subsection 46(2), the Information Center for supplying information deemed necessary for injured parties to seek compensation and for discharging other functions specified in the MVLIA, as pertaining to the time the accident took place;
- f) with respect to the data under MVLIA Subsection 46(2), the MNB with a view to carrying out financial supervision and other oversight procedures specified by law, relating to the time when the data request is made or pertaining to a previous, specified time;
- g) with respect to the data under MVLIA Subsection 46(2), the courts of law with a view to carrying out the judicial proceedings prescribed by law, relating to the time when the data request is made or pertaining to a previous, specified time;
- h) with respect to the data under MVLIA Subsection 46(2), public prosecutors for the prevention and detection of crimes, for conducting criminal proceedings and carrying out criminal sanctions, and for carrying out judicial review proceedings, relating to the time when the data request is made or pertaining to a previous, specified time;
- i) with respect to the data under MVLIA Subsection 46(2), the investigating authority and the body conducting preliminary proceedings for the prevention and detection of crimes, for conducting criminal proceedings and carrying out criminal sanctions, relating to the time when the data request is made or pertaining to a previous, specified time;
- j) with respect to the data under MVLIA Subsection 46(2), national security services for the protection of national security, for intelligence gathering operations, furthermore, for investigations with a view to protecting national security, industrial secrets and internal security, relating to the time when the data request is made or pertaining to a previous, specified time;
- k) with respect to the data under MVLIA Subsection 46(2), the police for conducting misdemeanour proceedings or for carrying out procedures in connection with road transport functions, relating to the time when the data request is made or pertaining to a previous, specified time;
- l) with respect to the data under *Subsection (2) of Section 46*, with a view to carrying out procedures in connection with road transport functions,
 - la) the transportation authority and the traffic control authority relating to the time when the data request is made or pertaining to a previous, specified time, and
 - lb) the control authority defined in the Act on Road Transportation, concerning motor vehicles operated on public roads, with respect to the data relating to the time when the data request is made;
- m) with respect to the data under MVLIA Subsection 46(2), the health insurance administration agency and the pension insurance agency for the enforcement of compensation claims due to the Health Insurance Fund and the Pension Insurance Fund, as pertaining to the time the accident took place;
- n) with respect to the data under MVLIA Subsection 46(2)(a), any natural or legal person, private

entrepreneur and sole proprietorship for the enforcement of their rightful claims and legitimate interests, to the extent justified, with the purpose and legal grounds of use stated and properly verified;
o) with respect to the data under MVLIA Subsection 46(2)(e), the body operating the registry of motor vehicles and traffic records provided for in Act LXXXIV of 1999 on the Registry of Motor Vehicles for the purpose of disclosure of vehicle history in accordance with that Act regarding the existence of risk coverage based on the vehicle's registration mark.
(Motor Vehicle Liability Insurance Act, Subsection 47(1))

Insurance companies shall be liable to pay a fee to the bureau of insurance policy records for the supply of information under MVLIA Subsection 47(1), and for the continuous operation of the requisite computerized records and data storage systems and for data requests. The fee shall amount to 0.5 per cent of the quarterly premium revenues of insurance companies from the provision of motor vehicle liability insurance cover to motor vehicles registered in the territory of Hungary, payable to the bureau of insurance policy records by the last day of the month following the quarter to which it pertains.
(Motor Vehicle Liability Insurance Act, Subsection 47(4))

The person requesting data under MVLIA Subsection 47(1)(n) shall pay an amount equivalent to the sum of the general rate of the procedural duty to the bureau of insurance policy records for the data disclosed.

Data to the persons under MVLIA Subsections 47(1)(b)–(m) shall be supplied free of charge. (Motor Vehicle Liability Insurance Act, Subsections 47(3)–(5))

The requests made under MVLIA Subsections 47 (1)(a)–(e), (l), (m) and (o) shall be carried out by the bureau of insurance policy records electronically, through the statutory electronic communication link between it and the requesting party or the dedicated web interface.

The bureau of insurance policy records shall provide direct access for health insurance and pension insurance agencies to the data provided for in MVLIA Subsections 47(1)(m) of the central policy records in compliance with data requests. (Motor Vehicle Liability Insurance Act, Subsections 47(2)–(2a))

The bureau of insurance policy records shall check the validity of insurance contracts by cross-referencing the motor vehicle registry, the register of temporary registration number plates with the insurance policy records at least monthly, and shall compile a list containing the particulars of uninsured operators – or from 1 July 2021 – the list containing the data of the beneficiaries of temporary registration number plates, and make available this list to the district office of jurisdiction by reference to the operator's home address (registered office, fixed establishment) for having the procedures referred to in MVLIA Subsection 45 (2) carried out, and from 1 July 2021 make it available to the aforementioned district office through its IT system.

From 1 July 2021, during the procedure specified in Section 45 (2) of MVLIA, the validity of the instrument presented by the client to prove the existence of the compulsory motor third party liability insurance will be verified by the motor vehicle register and the register of temporary registration number plates in the record of insurance policies through its existing communication link with the bureau of insurance policy records.

The data bank compiled by way of the link specified in the above Subsection may not be used for any other purpose and shall be erased after ninety days following the completion of procedural steps.
(Motor Vehicle Liability Insurance Act, Section 48)

Insurance companies are required to notify the bureau of insurance policy records concerning the concluding and – with the exception set out in MVLIA Subsection 21(4) – terminating of insurance contracts, as well as any changes in the particulars of the insurance policy – which are also contained in

the central policy records – via its IT system – indicating the data specified in MVLIA Subsection 46(2) – within fifteen days of concluding or cancelling the insurance contract – or if the contract ceases to exist on the grounds of lapse of interest, from the time when it comes to the insurance company’s knowledge –, or of the effective date of changes in the particulars.

From 1 July 2021, the insurer shall treat the insurance proposal made in respect of the given motor vehicle or temporary registration number plate – containing the data specified in Section 46 (2a) of MVLIA and resulting in a binding proposal – as an effective proposal. For the purposes of identifying the effective proposal, the insurer shall generate a unique identification string, i.e. a proposal identification number. The insurer shall notify the bureau of insurance policy records of the effective proposal by providing the proposal identification number through its IT system on the first day after the proposal becoming effective. The insurer shall notify the bureau of insurance policy records of the rejection of the effective proposal – as the case may be – by providing the proposal identification number through its IT system on first day after the rejection of proposal, at the latest.

From 1 July 2021, at the request of the traffic control authority, for the purposes of registering the issued registration number plate in the vehicle register or in the register of temporary registration number plates, the bureau of insurance policy records shall notify the body keeping the vehicle register or the register of temporary registration number plates of the ID number of the instrument confirming the insurance or the proposal identification number or of the absence of those, as well as the chassis number and the name of the operator through an electronic communication channel. The body keeping the vehicle register or the register of temporary registration number plates shall inform the bureau of insurance policy records of the registration number plate recorded for the instrument confirming the insurance or for the proposal identification number through an electronic communication channel. The bureau of insurance policy records shall register the registration number plate under the number of the instrument confirming the insurance or under the proposal identification number, and simultaneously with this it shall notify the insurer of the vehicle registration number plate through its IT system.

If the contract affected by the withdrawal of authorization ceases to exist as under MVLIA Subsection 10(2), the notice provided for in MVLIA Subsection 49(1) on the conclusion of the new contract shall take the place of the notice on the termination of the contract affected by the withdrawal of authorization if said notice on the termination of the contract affected by the withdrawal of authorization was not yet delivered to the bureau of insurance policy records.

The bureau of insurance policy records shall inform the insurance company affected by the withdrawal of authorization on the termination of the contract within fifteen days from the day when the notice on termination was dispatched as provided for in MVLIA Subsection 49(1).

(Motor Vehicle Liability Insurance Act, Section 49)

The bureau of insurance policy records shall function as the data controller in respect of the personal data contained in the insurance policy records. The bureau of insurance policy records shall entrust the data processing duties related to the insurance policy records exclusively to government agencies or legal persons owned by the State exclusively.

(Motor Vehicle Liability Insurance Act, Subsection 50(1))

Disclosure of data from the central policy records may be prohibited or restricted on the strength of law where so decided by the competent body for reasons of external and internal security, such as defence, national security, crime prevention and law enforcement. When such prohibition or restriction is imposed, including when it is lifted, the body operating the records shall be notified accordingly.

MVLIA Subsection 50(2) shall not apply relating to any request made by the data subject concerning his own personal data. In the event where expressly requested by the court, public prosecutor’s office,

investigating authority, body conducting preliminary proceedings, the national security service, or the agency authorized under specific other legislation to conduct covert investigations – in the interest of law enforcement, crime prevention or national security –, the bureau of insurance policy records shall not – in connection with their data requests – inform the data subject concerning the disclosure of his personal data. (Motor Vehicle Liability Insurance Act, Subsections 50(2)–(3))

The decisions adopted by the claims records agency in the first instance may not be appealed. The bureau of insurance policy records shall manage the register of electronic data processing transactions (data processing journal).

The bureau of insurance policy records, for the purposes of verifying protection against unauthorised access to data managed in the policy register, unauthorised modification, disclosure, deletion, damaging or destruction of the processed data and the lawfulness of the data processing shall keep a register of access rights – using an electronic information system – of the organisations obliged to supply data to the bureau of insurance policy records, the bodies performing data processing in the bureau of insurance policy records, the bodies entitled to receive or request data directly from there, and the users with access rights on behalf of organisations entitled to receive or request data indirectly, as well as of the administrators managing the access rights of such users.

The aforementioned register of access rights shall include the following data of the data supplier bodies, the entities obliged to supply data and the bodies entitled to receive or request data with direct access right:

- a)* name,
- b)* registered office, postal address,;
- c)* e-mail address, telephone number,
- d)* the following data of the person with access right on behalf of the organisation
 - da)* surname and first name,
 - db)* surname and first name at birth,
 - dc)* mother's birth name,
 - dd)* place and date of birth,
 - de)* organisational unit,
 - df)* type, scope and legal basis of the access right,
 - dg)* the fact and date of the origination and cancellation of his access right,
 - dh)* user name,
 - di)* e-mail address for official liaison.

The access right of the person obliged to disclose data, processing data in the insurance policy records, or entitled to receive or request data therefrom shall be valid for a definite period of two years. The access right shall be renewed – upon the expiry of the definite term – based on the application of the body requesting the access right.

The personal data managed in the register of access rights of persons with direct access right shall be retained for ten years from the deletion of the user's last access right.

The registration of the users of organisations with direct access right in the register specified in Section 50/C (1) of MVLIA shall be initiated at the data controller by submitting an application for direct access right. The application for direct access right shall contain the data specified in Section 50/C (2) *a)-c)*, *d) da)-df)* and *di)* of MVLIA and the identifier of the person authorised to access on behalf of the organisation. Based on the application, the data controller shall process – for the purposes of identification in and requesting data from the personal data and residential address register – the personal identification number of the data subject specified in the application for the period necessary for the realisation of this objective, and may only forward such data to the body keeping the personal data and residential address register. The organisations with direct access right shall notify the data controller of any change in the data specified in Section 50/C (2) of MVLIA within three working days

after the change in the data, electronically.

For the purposes of verifying the lawfulness of the data processing, the minister performing the professional supervision of the data controller, the Hungarian National Authority for Data Protection and Freedom of Information and the organisation applying for the access right are entitled to request from the data controller the entire range of the data processed in the register specified in Section 50/C (1). For the purposes of verifying the lawfulness of the data processing, the bureau of insurance policy shall log the data processing transactions and in connection with this it shall process the authorised data controller's data specified in Section 50/C (2) *d) da)-dd)* of MVLIA.
(Motor Vehicle Liability Insurance Act, Sections 50/A, 50/B and 50/C)

1.5. PROTECTION OF CLIENT CLAIMS

In the field of insurance, the protection of client claims is a specific requirement, because the client interest to be protected is that liability should be assumed through the insurer's service.

The Claims Guarantee Fund and the Compensation Fund

The MVLIA defines the 'Claims Guarantee Fund' as a fund set up and financed by the insurance companies under the MVLIA for providing compensation to victims of accidents caused by motor vehicles with sufficient insurance cover under contract in accordance with the MVLIA at the time of the accident at an insurance company undergoing liquidation in the Member State that has authorized the insurance company in question.

The MVLIA defines the 'Compensation Fund (Guarantee Fund)' as a fund set up and financed by the insurance companies under the MVLIA for providing compensation to victims of accidents caused by uninsured motor vehicles in violation of the obligation in respect of the compulsory insurance of vehicles, or by the motor vehicles of unidentified operators or unidentified vehicles under the limits set out in this Act, as well as for other losses provided for in this Act, where Hungary is shown as the country of the commitment.

(Motor Vehicle Liability Insurance Act, Section 3, Points 21 and 22)

Handling payments made by insurance intermediaries

If the policyholder has made a premium payment to a multiple agent authorized to collect premium payments, the premium shall be considered to be received by the insurance company – on account or in cash – on or before the fourth day following the date of payment; however, the policyholder shall be entitled to prove that the premium had been received earlier.

The multiple agent is not allowed to collect any sum of money from the insurance company on the client's behalf in advance.

(Insurance Act, Section 387/A)

Brokers shall maintain separate accounts for handling funds paid by the client to the order of insurance companies, or the funds paid by insurance companies to clients, and may not handle them as deposits. By way of derogation from the provisions of the Bankruptcy Act, in the event of the broker's liquidation those funds shall not comprise a part of the assets which are subject to liquidation.

If the broker does not forward the funds referred to in the previous Subsection to the order of the payee by the end of the next working day following the date of payment, such funds shall be placed in a discretionary account opened at a credit institution established in a Member State (segregated client account).

The broker shall lay down the detailed rules for handling client accounts in his cash handling policy.
(Insurance Act, Section 404)

Liability of insurance intermediaries

Agents, multiple agents and brokers shall act at all times in observation of the rules of professional conduct. (Insurance Act, Subsections 385(1), 391(1) and 402(1))

Any damage caused by an insurance agent or any other person in the employ of the insurance agent for mediating insurance under contract of employment, personal service contract or other work-related relationship while engaged in mediating insurance, and any restitution incurred shall be the liability of the insurance company.

If the insurance agent is involved with more than one insurance company, liability for damages caused by the insurance agent while engaged in mediating insurance, and for the payment of restitution incurred shall fall upon the insurance company on whose behalf the mediation took place. (Insurance Act, Subsections 385(2)–(3))

Any damage caused by a multiple agent or any other person in the employ of the multiple agent for mediating insurance under contract of employment, personal service contract or other work-related relationship while engaged in mediating insurance, and any restitution incurred shall be the liability of the insurance company.

Liability for damages caused by the multiple agent while engaged in mediating insurance, and for the payment of restitution incurred shall fall upon the insurance company on whose behalf the multiple agent was acting when the damage occurred on account of his act or negligence.

The insurance company referred to in the previous Subsection may demand compensation from the multiple agent, in particular, upon the multiple agent's breach of the obligation provided for in IA Subsection 387(3), and the incurred damages and the claim for restitution is the result of such negligence.

If in doubt as to the insurance company whose product the multiple agent was mediating when the action that resulted in the damage or the claim for restitution took place, or if such insurance company cannot be identified, the multiple agent shall cover the losses and/or pay the restitution. (Insurance Act, Subsections 391(2)–(5))

Brokers shall act at all times in observation of the rules of professional conduct. Brokers shall be held liable for any failure to fulfil the above-specified obligation, particularly for giving wrong or misleading advice, wrongful handling of premiums and any defect or delay in forwarding statements and declarations.

The above liability of brokers shall apply to all persons acting in the broker's name.

A broker shall be relieved of liability if able to prove that the wrong or misleading advice or the erroneous statement was the result of any defect in the form or document prescribed by the insurance company for use in the conclusion of contracts. (Insurance Act, Section 402)

1.6. REGULATIONS FOR INDIVIDUAL CONTRACTS

Apart from each class of non-life insurance qualifying as a special area of insurance in its own right, two classes of insurance are covered in considerable breadth in legal regulations: motor third-party liability insurance and legal expenses insurance.

The injured party shall be entitled to file a claim under the MVLIA within the limits of the insurance contract, against the insurance company of the person having custody of the motor vehicle that was involved in the accident directly, or in the cases defined in the MVLIA against the manager of the Compensation Fund.

If the injured party's home (registered office) is located in the territory of another Member State, he has direct right of action against the insurance company established in the territory of Hungary covering the person responsible against civil liability in the Member State where his home (registered office) is located, or in the Member State where the accident occurred, if the accident took place in any State that is a party to the green card system, other than the State where the injured party's home (registered office) is located.

Claims against an insurance company may be enforced, at the injured party's discretion, against the claims adjustment representative as well, who is acting in the name and on behalf of the insurance company.

The persons involved in an accident shall, at the scene of the accident, exchange the necessary information – referred to in MVLIA Subsections 46(2)(a), (b) and (d) – for identifying their persons and motor vehicles and for verifying liability insurance coverage, as well as information describing the accident. The data and information supplied in this fashion may be disclosed only to the insurance company concerned, the National Bureau, the manager of the Compensation Fund, the Claims Organization, MABISZ as the operator of e-claim reporting system, the correspondent, the claims representatives, the claims adjustment representatives, the health insurance administration agency and the pension insurance agency to the extent required for discharging their duties conferred under the MVLIA, and shall be processed according to the relevant provisions of the Insurance Act pertaining to insurance secrets.

The injured party shall report the loss to the insurance company within thirty days of the time when the accident occurred or of the time of gaining knowledge thereof. In the event of non-compliance with this time limit the sanctions for any delay in the payment of compensation shall not apply to the insurance company, the claims representative, the correspondent, the manager of the Compensation Fund, the claims adjustment representative and the National Bureau with respect to the period between the time when the accident occurred and when it was reported, unless the injured party is able to excuse his delay for reasons beyond his control.

The Claims Guarantee Fund shall cover the claims of the injured party against an insurance company under liquidation in accordance with the relevant insurance contract and the provisions contained in the MVLIA on the enforcement of claims for compensation.

(Motor Vehicle Liability Insurance Act, Sections 28–29)

If, in the pursuit of legal expenses insurance, an insurance company entrusts another organization, whose name and address is indicated in the legal expenses insurance contract, for the management of legal expenses claims and for providing legal advice in respect thereof, the settlement of claims shall be entrusted to a limited company, a private limited-liability company, or the branch of a foreign-registered company specializing in the management of legal expenses claims, provided it does not have any financial, commercial or administrative links with the insurance company and it is not in any direct or indirect relationship that may have any effect on impartiality in the settlement of claims and whose other activities shall not obstruct its objectivity in terms of the management of claims.

If the organization referred to in the above Subsection that is considered a separate legal entity has any financial, commercial or administrative links with another insurance company, its executive officers and the employees engaged in the settlement of claims in the legal expenses division and the employees providing legal counsel may not perform the same or similar services for any other insurance company in connection with any class of insurance defined in IA Annex 1, Part A). The management of legal expenses claims and the provision of legal advice in respect thereof may not be entrusted to another insurance company that is engaged in any other class of insurance apart from legal expenses insurance.

Information between the legal expenses insurance company and the company entrusted with the management of claims shall take place under adequate facilities to prevent the legal expenses insurance

company from using such data in connection with the settlement of claims arising from other classes of insurance contracts.

In the case of IA Subsection 161(b), the insurance company may propose a legal representative upon the express written request of the insured, if the insured did not wish to exercise his right of choosing a legal representative. In that case, the insurance company shall offer at least three legal representatives for the insured to choose from.

Information between the legal expenses insurer and the legal representative shall take place under adequate facilities to prevent the legal expenses insurer from using such data in connection with the settlement of claims arising from other classes of insurance contracts.

(Insurance Act, Section 162)

In addition to what is provided in IA Section 121, the terms and conditions of a contract for legal expenses insurance shall expressly provide:

- a) that insured person shall be free to choose a lawyer in any court or administrative proceedings, or before the opening of such proceedings, or in any proceeding aimed at reaching a settlement without such proceedings, where this is deemed necessary to represent or serve his interests;
- b) for the designation of an unbiased arbitration procedure in which the parties are required to participate in case of any disagreement between the insurance company and the insured person in connection with the insurance company's services;
- c) that the insured person shall be free to choose a legal representative to represent or serve his interests arising out of, or in connection with, the insurance contract if the procedure referred to in (b) fails;
- d) advice for the insured person in writing or in some other verifiable manner of his rights defined in (b) and (c) in case of any conflict with the insurance company;
- e) for the rules of the procedure to be followed by the parties if two or more adverse parties have legal expenses or liability insurance coverage with the same insurance company in connection with an event that serves as the basis of the insurance company's obligation to provide services;
- f) information concerning the requirements defined under (a)–(c) that applies connection with legal expenses insurance policies.

If the outcome of the arbitration procedure provided for in (b) is for the insured person, the costs of the procedure shall be borne by the insurance company; otherwise, the policyholder and the insurance company shall cover their own expenses. Unless otherwise stipulated in the insurance contract, the insured person shall have the right to retain a lawyer of his choice in the event of any disagreement. If the lawyer adopts the position of the insured person, the insurance company shall be required to proceed accordingly.

If there is a dispute between the insurance company and the insured person in connection with the insurance company's services, the insurance company shall be required to inform the insured party in writing concerning the provisions in (a)–(c) above.

(Insurance Act, Section 165)

If legal expenses insurance is provided as part of an insurance contract covering other risks as well, the legal expenses section of the insurance contract shall be clearly separated so that it may be easily identified by the clients.

The insurance company shall be required to draw attention to the existence of legal expenses coverage on all of the documents that are supplied to the client; furthermore, the premium payable for legal expenses insurance shall be shown separately from all other premiums in the currency in which the policyholder is required to pay the insurance premium.

(Insurance Act, Section 166)