

Insurance & Citizenship

MOTOR INSURANCE
INSURANCE DISTRIBUTION DIRECTIVE



Insurance & Citizenship



“Better to have, and not need, than to need, and not have”.

The expression quoted is attributed to Franz Kafka, although it is not known, specifically, what he was referring to. But knowing that Kafka worked in the insurance business, the expression may well have been used with reference to insurance. And if so, it does, in some way, make sense.

Risks and insurance involve us permanently in everyday life, although the value and importance of insurance is often only truly revealed when some unexpected event gives us the benefit of the operation of a coverage and the almost invisible network of protection that surrounds it, or to which, in contrast, we seriously feel its lack or insufficiency.

That is why we look with satisfaction at the indicators that tell us that insurance is an increasingly present reality in all domains of social and economic life, especially in more developed societies.

If we look closely, risks related to health, travel, heritage in general and homes in particular, vehicles or other means of transportation, to work and activities in general, including leisure, liability, ours and those of others, and even the duration of life, can all of them be protected through insurance, minimizing the threats that surround our lives and that sometimes, many times even, come true.

It is also anticipated that the changes and transformations that mark the course of our lives and the speed at which they occur will tend to make people more aware of the increasing risks, uncertainties and insecurity associated with them, leading to look for protection solutions, including those conferred by insurance.

The growing hiring of insurance will thus most likely mark the times ahead. But this hiring of insurance, despite the sometimes excessive regulatory requirements regarding the obligation of information, has to be made in an increasingly simple way, expeditious and comprehensible, so that the citizen perceives well the coverage solution that is proposed, and its *raison d'être*, valuing, first of all, its usefulness.

And because the future is always, somehow, conditioned by the path traveled in the past, and is also built in the present, in this issue of the magazine we speak of the history, the present and the challenges of insurance.

We emphasize the history of insurance and the permanent exhibition just inaugurated, much owed to Ruy de Carvalho, an unparalleled personality of the insurance industry in Portugal, who gave a decisive impulse to preserve the insurance memory, leaving a written record in two books that are recommended for reading, of the historical course of this activity.

We also talk about road accidents. Increasing, resulting from new realities, behaviors and persisting constraints and causes. And what we can do about prevention and protection through insurance.

We also note, on the other hand, the book “Beyond the ashes - Portugal Seguro”, which portrays the drama of the 2017 fires and tells stories of who had and who did not have insurance and how insurance helped to minimize and repair damages, in record time, providing the possible return of the normal life of the people and companies affected.

And finally, we talk about the insurance sale and the new law that arrives, and that, desirously and with the reinforcement of financial literacy initiatives, such as those promoted by APS, individually or in the context of the National Financial Training Plan, may contribute to knowledge about the importance of being (well) safe.

And we give voice, again, to those who are outside and whose vision and opinion is worth knowing.

Good reading.



**Alexandra
Queiroz**

DIRECTOR GENERAL
APS



Follow Us:
www.apseguradores.pt



To view and download this online magazine:
www.apseguradores.pt/revista



Publication
Rua Rodrigo da Fonseca, 41
1250-190 Lisboa

Design
Zincodesign

Legal Deposit
440692/18

November 2018

02. EDITORIAL - ALEXANDRA QUEIROZ, DIRECTOR GENERAL - APS

05. INDEX

01. INSTITUTIONAL

06. ASSOCIATED MEMBER – 100 YEARS OF ZURICH IN PORTUGAL

02. HIGHLIGHTS

10. INTERVIEW WITH JOSÉ MIGUEL TRIGOSO, PORTUGUESE ROAD PREVENTION

16. e-SEGURNET

18. GREEN CARD BUREAU

20. NATIONAL PLATE FILE REGISTRATION

21. IDS - DIRECT CLAIM SETTLEMENT AGREEMENT

22. INSURANCE SECTOR DEFENDS THE NEED FOR DRIVER'S INSURANCE

24. INSURANCE DISTRIBUTION DIRECTIVE – THE NEW REGIME

28. PROFILE OF INTERMEDIATION / DISTRIBUTION OF INSURANCE IN PORTUGAL

03. INSURANCE IN NUMBERS

31. INSURANCE IN NUMBERS

04. FINANCIAL LITERACY

32. JUNIOR ACHIEVEMENT

34. DR. ANTÓNIO CUPERTINO DE MIRANDA FOUNDATION

36. BOOK "DIGITAL TRAP"

05. NEWS

37. APS ANNUAL CONFERENCE

38. INSURANCE MEMORY EXHIBITION

39. BOOK LAUNCH – "BEYOND THE ASHES"

40. THE GENOA BRIDGE ACCIDENT

41. CYBERSECURITY SEMINAR

41. APS AWARDS STUDIES ON INSURANCE LAW

06. OPINION

42. LUÍS POÇAS – PRESIDENT OF THE "CONDUCT OF BUSINESS" TECHNICAL COMMITTEE AND COORDINATOR OF THE COMPLIANCE WORKING GROUP OF THE PORTUGUESE ASSOCIATION OF INSURERS

45. JOSÉ ALBERTO DE CARVALHO – JOURNALIST

46. PAULO FERREIRA - JOURNALIST



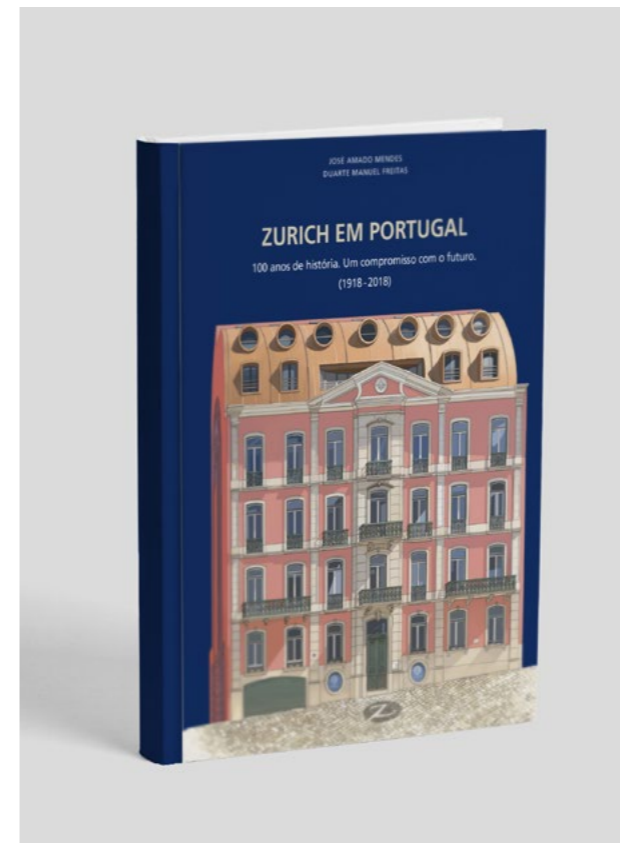
António Bico ASSOCIATED MEMBER

CEO ZURICH

A CENTURY-OLD COMPANY THAT SURVIVED WARS, CRISES AND REGIME CHANGES

It was formed under the name Metropolis before the end of World War I and was later named Zurich - Companhia de Seguros SA in the same year of Expo 98 and 48 years after the Swiss group acquired a stake in this insurer.

In 100 years, it survived two world wars, witnessed different political cycles, escaped the nationalizations that affected the sector after the April 25 revolution in Portugal, circumvented economic and financial crises and external interventions, moved headquarters four times in Lisbon and operated a natural expansion into the country. This is the portrait of the company led by Antonio Bico who has been working in the company for almost 50 years.



There is a saying that claims that crises generate great opportunities. Zurich, which now celebrates 100 years in Portugal, is a living example of this motto. It was formed at the end of a war (1914-1918), established itself during another (1939-1944), felt the effects of two economic and financial crises worldwide (1929 and 2008), lived through two political regimes and witnessed a revolution that changed again the Portuguese political system and managed to overcome the international interventions that took place in the Portuguese economy.

These are the great external and internal temporal references of this centenary company that meets the history of the country and the insurers in Portugal, whose activity, in its inception and during the period of World War I (1914-1918), witnessed a remarkable growth.

Companhia de Seguros Metrópole was part of this multiplier movement. On July 8, 1918, four months before the signing of the Armistice of Compiègne (November 11), the peace treaty that put an end to the first world conflict, the deed of the new Company with headquarters at Rua Augusta, n.º 140, 2nd floor, in Lisbon was drawn up.

“At the time (1914-1918) different insurance companies appeared given the risks associated in that particular moment in time. Given the successful commercial exchange with Portugal Ultramarino, the founders saw an opportunity to launch Metrópole, “recalls António Bico, current Chief Executive Officer (CEO) of the Zurich Group in Portugal.

Formed by traders and investors with a good knowledge of the insurance industry, it began by exploring land insurance against fires and wars, strikes, riots, marine insurance, including the risk of war, agriculture, fire and robbery. Interestingly, the first signed contract, on July 9, one day after this insurer was formed, was there to cover the “existing real estate on the 4th floor of the building located in Rua do Carmo, n.º 69, in Lisbon”, as described in the book “Zurich in Portugal. 100 years of history. A commitment to the future (1918-2018)”, by José Amado Mendes and Duarte Manuel Freitas.

According to the book, out of the 237 founding shareholders, 37 were women and 12 represented companies. António Braz, stood out with 1160 shares, 51 shareholders had 100 shares or less, and the rest had between 1 and 10 “magic papers”.

ADVERTISING AND EXPANSION ACROSS THE COUNTRY

In a sector that proliferated nearly everywhere during the period of the First War and in the post-war period, between the opening and closing of companies, in 1927 there were “99 companies (61 Portuguese and 38 foreign).”

From the very beginning, advertising assisted the good performance in the first 10 years of the insurance company which used then the public testimonies of customers who praised its readiness to solve the problems. Years later, in 1982, the insurer launched a disruptive and innovative campaign “We make insurance easy”, disseminated in newspapers, radio and television.

The expansion across the country, with the creation of branches, the establishment of the delegation in Oporto in 1924, Rua dos Clérigos, n.º 80, 2nd floor and the connection to banking institutions – Banco Nacional Ultramarino and Banco Português e Brasileiro – were crucial to catapult the business.

FROM THE GLOBAL CRISIS TO THE ENTRY OF THE NEW SHAREHOLDER

The early 1930s witnessed a remarkable increase in claims and the government at the time, also known as “Estado

Novo”, published a number of legislations that established greater control and imposed new demands on insurers. Nevertheless, in 1934, Zurich began focusing on new insurance branches, such as car – a branch that followed the increase in the number of cars.

The reaction to a world crisis (1929) and, above all, the emergence of a new world conflict was a “proof of the company’s resilience to keep the business”, stresses António Bico. And what held true for the insurance industry in 1914-1918, remained. The Second World War highlighted the financial importance of the insurance industry. After years of prosperity due to the growth of the maritime insurance premiums and after the conflict was over Metrôpole changed its headquarters to Marquês de Pombal Square, n.º16. The period of the late 1940s was less brilliant, a difficulty which proved to be an opportunity once again.

At this stage, Zurich Group sent its director Joham Jakob Naegeli to Portugal in order to better understand the financial situation of the company and the socio-economic and political context of the country. Based on the report prepared by Naegeli, the conditions for the sale of Metrôpole were met and thus a new shareholder joined the capital of the company. In 1950 the Swiss multinational Zurich entered the capital of Metrôpole, acquiring 9405 shares, corresponding to 94,05% of the share capital.

In 1998, 48 years after the entry of the Zurich Group in Portugal, 80 years after Metropolis was established and in the same year when World Expo was hosted in Lisbon, the insurer was renamed Zurich - Companhia de Seguros SA.

New owners, new habits. Right on the first year of management, the managing director Willy Ginesta – who as a foreigner could not be chairman of the board of directors, but in practice he was – began, in an innovative way, distributing the “Circular”, a document that “spoke” and that even today, complemented by other means of communication, it continues to speak to employees scattered throughout the country.

Until the early 1970s, the company enjoyed a favourable socio-economic context, combined with the adaptation to an internal reorganization that considered new resources and innovative strategies. In the car branch the new policy “Occupants” is a clear example of this.

Based on Rua Barata Salgueiro since 1953, the headquarters moved to Avenida Rovisco Pais, on the eve of the April Revolution in 1974. A change that responded to a need for expansion of the insurance company that also impacted in Oporto: the Rua dos Clérigos delegation moved to Rua de Faria Guimarães. New delegations were opened in other locations in the country.

The carnation revolution arrived during the tenure of Théophile Pannatier (he had replaced Ginesta in 1971 and remained until 1978), nicknamed the “April 25th” man. Being a foreign-funded company, it escaped the nationalizations in the insurance sector, although the state had 595 shares, e.g. 5% of the share capital. “The revolution created a complex atmosphere but given that our capitals were of foreign origin, we managed to escape nationalisations,” notes António Bico.

FROM EXTERNAL INTERVENTIONS TO EUROPEAN ACCESSION
Under regulation and supervision of the Insurance Institute

of Portugal, external interventions in Portugal and two major crises, 1977 and 1983, showed that the country as well as the company had to move beyond the coastal axis of Oporto and Lisbon. Under Peter Eckert’s direction (1980-1988), who prepared the company to join the European Economic Community (EEC), the company moved inland and as a result, the market share rose from 1% to 3%.

With a portfolio of new insurance, such as the “Head of the Household”, the company and the country have taken sustained steps in this period of Europeanisation and in the processes of reprivatization of insurers and the entrance of private companies in this sector.

With 100% of the capital in the hands of the Zurich Compagnie d’Assurances Group since 1991, Werner Brunner started betting on real estate, on the expansion of the network across the country and on the returning home. The headquarters moved back to Barata Salgueiro when the insurer was celebrating 75 years in 1992. “We kept the facade, the 4 original floors and we now have 13”, recalls António Bico, highlighting a remarkable episode in the almost 50 years in the company: computerization which occurred under the leadership of José Manuel Coelho.

“In the 90s we had to change the computer system. Given that the company already had a certain size and considering the number of situations the company was faced with, it was a moment of strong impact for the Company. As we wanted to do everything with our own resources the challenge was great but rewarding”, emphasizes António Bico. “Proof of this is that to this day we maintain the vision of anticipating trends and remaining focused on innovation and the transformation of the insurance business,” concludes the CEO of Zurich Portugal.

The Life segment became a reality in the company after the acquisition of Eagle Star Vida in 1998, as a result of the international acquisition of the financial area of British American Tobacco Industries in several countries, and of Deutsche Bank Vida in 2002.

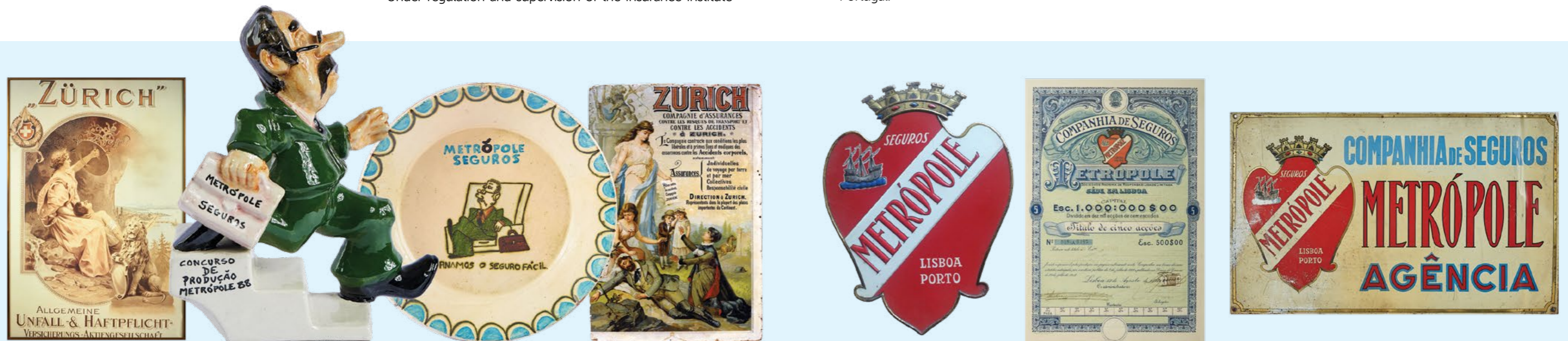
THE FIRST MILLION, THE TROIKA YEARS AND THE CENTENARY
If in the year when Portugal joined the EEC the market share was 2,6%, two years before the global crisis of 2008 reached 7,2%. Meanwhile, in 1993, the famous bar of 1 million escudos (5 million euros) in Premiums was reached.

In March 2007, António Bico, current CEO succeeded José Manuel Coelho. The 2008 crisis started in the United States with the fall of the Lehman Brothers Group and the insurance company AIG caught Zurich in a process of redefining the organizational and operational model.

The world crisis hit Portugal and the Troika years (2011-2014) affected also the insurance sector, a sector that witnessed a vast and profound change in what concerns the “owners” of insurers. The vast majority changed hands, but the identity of Zurich Portugal remained unchanged.

In 2017 the company had a 5,4% market share in the Non-Life segment and 2,7% of the Life segment. This was the context that served as an introduction to the new operational model, from which the current 18 commercial areas spread across the country.

“Over the 100 years the company has shown a great capacity to anticipate trends and prepare itself for such radical changes,” concludes António Bico, the CEO of the Centenary year.





José Miguel Trigo

PORTUGUESE ROAD PREVENTION

INTERVIEW

“The speed problem and others should be handled during training”

José Miguel Trigo, president of the Portuguese Road Prevention says that it is urgent to improve training when “you are getting your driver’s license”. We usually say “I want the driving license” and not “I want to learn to drive” and the State should do something about it.

He advocates better knowledge, better and more education on the road, more practical driving tests, speed tests and testing the capacity to react. This is the way to reverse the number of road accidents. These accident rates are very high inside towns, placing Portugal at the top at the European level. On the opposite side, outside towns, the country is below the European average.

Addressing the new ways of mobility, from autonomous cars to the growing number of motorcycles, José Miguel Trigo warns to the dangers of pedestrians using mobile phones and the issue of alcohol consumption, considering that around 30% of deceased drivers present an illegal consumption rate.

WE ARE APPROACHING THE END OF THE YEAR. CAN YOU PREDICT IF WE WILL HAVE BETTER OR WORSE NUMBERS THAN LAST YEAR?

A: I tend to shy away from short time frames. The trend shows that this hasn’t improved in recent years, even though in 2016 there was a downward trend as regards the number of deceased. Overall, there was some reduction in the average severity in terms of the number of fatalities, but there was no reduction in overall terms in the number of accidents with injuries.

MORE ACCIDENTS AND LESS DEAD PEOPLE?

A: Yes, it happened for two or three years. If the average collision speed reduces, the number of accidents decline, given that severity is related to the collision speed. In 2017 we witnessed a smaller monthly increase in the number of deceased than expected based on the results in terms of the number of deceased at the scene of the accident.

In average terms, since 2010 (the year when we began counting the number of dead people per month) there was a 27% in the monthly number. As regards 2017, data point to a 17%. These are non-standard values. Either the hospital system after admission has improved, or the average hospital admission times have increased and the average number of people dying before reaching the hospital has increased. I am inclined to consider the last hypothesis.

CAN PUBLIC / COLLECTIVE TRANSPORTATION REDUCE THE ACCIDENT RATE?

A: Yes, absolutely. In average terms, the accident rate is much lower and the level of personal injury even lower. We are one of the European countries with lower levels of public transportation use.

HOWEVER, THERE ARE MORE AND MORE CARS DRIVING IN BIG CITIES?

A: At the urban level when the average speed of urban overground traffic decreases, the average speed of public transportation usually decreases too. And this discourages somehow the use of collective means of transportation. Overground commuting times increases, waiting time increases. It happens the same regarding the underground. We end up driving our cars. There are no data regarding the situation outside Lisbon.

IS THERE AN ACCIDENT RATE PATTERN? DOES IT DIFFER INSIDE AND OUTSIDE TOWNS?

A: The accident rate is very high inside towns. We are the 2nd or 3rd at European Union level. Outside towns we

“The accident rate is very high inside towns. We are the 2nd or 3rd at European Union level.”

have a below average accident rate. In average terms, and per million, fewer inhabitants die in these particular areas than the EU average.

WHAT IS THE EXPLANATION FOR THIS?

A: The city hall is responsible for the traffic organization. Many mistakes are made for sheer lack of knowledge and I have been stressing the need to enforce similar rules in urban routes.

WHAT KIND OF RULES? CHANGING SPEED LIMIT INSIDE TOWNS?

A: The speed we drive in each particular moment is dictated by our decision that stems from our own perception of the risk we want to take and the level of knowledge we have. These factors help us make, even unconsciously, decisions at any moment.

CAN YOU EXPLAIN?

A: When we drive at 50 km/h inside towns, on dry ground, the reaction time is 1 second. From the moment a problem occurs in front of us and the time we actually brake, 27 metres have been driven already. If we drive at 60 km/h (no one thinks he/she is driving too fast) and if suddenly an old man or child appears... I asked the engineering students this question... and if we do the maths, we drive 40 metres until we actually stop. And 40 meters in the case of a pedestrian...you have a significant percentage of deceased.

HOW DO YOU FIGHT THE HIGH-SPEED PROBLEM?

A: The problem of high speed or others should be handled during training. I can even include the braking distance in the training program. We say “I want the driving license” and not “I want to learn to drive”. It is the State’s obligation to organize things in a way that makes sure that those who have a driving license know what they are doing. Now, this is only possible by taking a driving test. But this, in theoretical terms, has questions about the legislation. The lorries tonnage is not relevant to all. There are countries where education is part of the test. As regards speed they ask questions about speed limits! It is important that those

who drive understands the speed mechanism in order to make the right and proper decision. There are places where 50 km/h is nonsense because I have no visibility to stop if necessary.

THE DECISION-MAKING AND THE BEHAVIOUR OF EACH ONE ARE CLOSELY LINKED TO THE SURROUNDING ENVIRONMENT.

A: What is a road accident? When we drive, we look, watch and analyse the data and we plan what will happen next and we make a decision. The setting and the manner how this is organised helps people's behaviour. There are studies that say that we make a decision every 5 seconds.

When we are in a particular place and time a number of difficulties come together that affect our ability to act, there is a rupture in the balance of the system and the accident occurs.

We need to reduce the difficulties posed by the road environment and increase our abilities to cope with the response. The most important thing is to cater to do everything at the same time.

It is important to have a road environment where infrastructures and the behaviour of others come together. People have to be educated, trained from a technical and controlled point of view (supervision also weighs on each other's behaviours). We have to be wary at all times in order to be able to respond according to our level of knowledge and our psychological and physical state.

“There are places where 50 km/h is nonsense because I have no visibility to stop if necessary.”

THE MANAGEMENT OF SPEED WITHIN TOWNS WHERE ALL TYPES OF USERS OF AGE LEVELS AND KNOWLEDGE MEET, PARTICULARLY NOW THAT EVERYONE HAS OR HOLDS A MOBILE PHONE IN HIS HAND, INCLUDING PEDESTRIANS, ALL THIS INCREASES DISTRACTION. DON'T YOU THINK PEDESTRIANS CROSSING THE STREET HOLDING A MOBILE PHONE SHOULD BE FINED?

A: We analysed the situation and the results pointed to 30% of pedestrians under the age of 30 crossing the zebra crossing holding a mobile phone. It depends on



“We analysed the situation and the results pointed to 30% of pedestrians under the age of 30 crossing the zebra crossing holding a mobile phone.”

the time of day or night... In Lisbon and Oporto, they do not look at all. In zebra crosses, with traffic lights, the difference is that when it's red or green cars do stop... Cyclists don't do the same. They stop and go... but when there are no cars coming cyclists behave like pedestrians.

NOWADAYS THERE ARE NEW FORMS OF MOBILITY. THE GROWING NUMBER OF MOTORCYCLES ON THE ROAD CAN LEAD TO AN INCREASE IN THE NUMBER OF ACCIDENTS INVOLVING TWO-WHEELED VEHICLES?

A: The trend is to increase circulation and we are far from countries with similar weather conditions. It's a cheaper, faster and more cost-effective means of transportation.

Looking at 2017 led me to think about the numbers of accidents involving motorcycles. We did some studies, not like "I think that ...". In 2009 legislation was applied stating that motorcycles up to 125 cc could be driven by people with a B driving license and over 25 years of age. This led to more people riding motorcycles with no basic training.

AND THIS FACT CAUSES MORE ACCIDENTS INVOLVING LOWER CATEGORY MOTORCYCLES?

A: Motorcycle crash results show that 85% of the accidents occur in higher powered motorcycles. The Government stated that in 2017 the death toll had tripled as regards 125 cc motorcycles and doubled for motorcycles over 125 cc. Well, 7 to 20 triples, but 50 to 100 doubles. It's different.

Until 2016, we witnessed a sharp reduction in the number of road accidents involving two-wheeled motorcycles. And if in 2016 there was an historical drop, in 2017 there was a brutal increase that, nonetheless, did not break the records of 4 years before. 2017 was a very dry year. With a record sale, people who never drove and chose these vehicles contributed to more traffic, cities encouraged new ways of mobility, municipalities offered free parking, possibility to drive in the bus lane, all this helped increase traffic of this kind of vehicles. And greater circulation brings a greater

likelihood of accidents. In 2018, when it rained a lot and when circulation of motorcycles was lower we witnessed a fall in the number of the deceased until the end of May. The number of pedestrian deaths in turn increased.

HOW CAN WE CHANGE THESE DATA? WITH PREVENTION?

A: Driving tests are bad, particularly regarding high-powered motorcycles. There are no concept of defensive driving. In France, they perform tests on closed circuits, tests walking and holding the motorcycle by the hand, tests driving a motorbike with a second person, low-speed routes and braking at a speed over 50 km/h. In the Netherlands, there is a commission that only conducts driving tests and there are people who ask questions preparing for the theoretical test and present complex situations. They assess the ability to decide in some certain situations. In Portugal, we still have to solve some issues.

IN ADDITION TO MOTORBIKES, WE ARE WITNESSING AN INCREASING USE OF BICYCLES.

A: We are half way. People began using bicycles more for leisure purposes and not so much as transportation. In terms of mobility, it was good if it would reduce the number of cars, but that is not happening yet. But it does reduce the number of pedestrians and public transportation in small distances in urban centres.

AND CAN AUTONOMOUS CARS BE PART OF THE SOLUTION?

A: It's too early to tell. In technological terms, the problem is solved. It works. Now put one thousand cars driving at the same time... experiments were done in Gothenburg and Amsterdam. In Sweden, it went well and led to Volvo, the municipality and the government authorising the circulation of 100 autonomous cars. I'm not sure what the situation is. In Amsterdam, there were no cars driving before. Pedestrians, channels and bicycles and sensors were always beeping. And I read that the costs of reshaping traffic were extremely high.

Things are different on the road, but the scenario in Germany is quite different from the scenario in the South of Europe. Reported accidents, in my opinion, are very serious. Fewer cars in fewer kilometres. This is the future, but the future is not tomorrow.

CELL PHONE AND ALCOHOL WEIGH IN THE ACCIDENT RATE. ARE THERE NUMBERS?

A: The problem of alcohol is very serious in terms of

“In average terms in recent years, around 30% of drivers who died had an illegal consumption rate (of alcohol).”

accident rate. We did, I believe it was in 2014, with the support of the authorities, observations (7 thousand drivers) in different areas of the country at different times of the day, irrespective of high concentration zones, in order to see the alcohol rates. Rates equal or above 0,5 degrees were only 1,8%. The percentage equal or above 1,2 degrees was 0,2%.

In average terms in recent years, around 30% of drivers who died had an illegal consumption rate (of alcohol). That is, 1,8 degrees is 30%. As regards 1,2 degrees this represents more than 24% of the dead drivers. Simple maths: the death risk with such rates is over 100 times greater. It's a serious problem.

AND MOBILE PHONES AND SMARTPHONES DO NOT HELP?

A: There are American studies that say that the use of a smartphone, given that you tend to look away (not so much during a conversation), is already more serious than the alcohol problem in the USA. I do not know if the numbers are higher, but I know that both are very important.

We made observations in urban areas close to traffic lights and established a difference between those who were using the mobile phone in hand or via the speaker, while the car was moving, and those who start the car while talking on the phone or who start speaking as soon as they stop at the traffic light. When they stop, they look at the cell phone, then start over later, tend to stop abruptly because they are looking at the device...

We are fully aware that mobile phones are significantly used while driving, but we do not know the consequence in terms of accident rates, in statistical terms. Now, for example, in France, judges in large-scale accident intervene with authorities and telecommunication operators to find out what was happening with that phone number at that particular time and place.

ONE OF THE SOLUTIONS TO FIGHT ACCIDENT RATE LIES IN THE PENALTY-POINTS DRIVING LICENCE?

A: It's a disaster so far. We have a penalty-points driving license since the 90s. An accumulation of infractions leads to cancellation of the driving license, a model that was implemented since 1995. The system moved to 12 points and a lot of nonsense was added. For example, in June most of the drivers moved to 15 points because a prize was introduced for those who had no registered offence in three years. Does that mean I am allowed to commit more offences? How does it increase? This measure does not work. Moreover, they offer a couple of courses when you are running out of points... if the goal is prevention then this should be done rather at the beginning. And there is even a theoretical driving test when we reach 10 points.

In the first two years, 700 proceedings were started. The number of people registered in the system is 20 thousand, per crime. The offence system is not in operation and does not work.

“When they stop, they look at the cell phone, then start over later, tend to stop abruptly because they are looking at the device...”

97.159 accidents

IN RELATION TO ACCIDENTS ON PORTUGUESE ROADS, THERE WERE 97,159 ACCIDENTS, 1,519 MORE THAN IN THE SAME PERIOD LAST YEAR, A SLIGHT INCREASE (1,5%) WHEN COMPARED TO THE FIRST NINE MONTHS OF 2017

378 dead

ROAD ACCIDENTS DEATH TOLL AT 378 IN THE FIRST NINE MONTHS OF THE YEAR

More accidents, same number of dead people and fewer serious and slightly injured until September. These are the figures of the National Road Safety Authority compared with the first nine months of 2017.

Between January 1 and September 30, there were 378 dead as a result of road accidents, according to the National Road Safety Authority (ANSR). These figures are in line with those known in the same period of 2017. The data of the ANSR is related to victims declared dead at the scene of the accident or on the way to the hospital.

29.877 slightly injured

ROAD ACCIDENTS THIS YEAR ALSO CAUSED 29,877 SLIGHTLY INJURED THIS YEAR, DOWN FROM 30,588 IN 2017.

1.530 seriously injured

AS REGARDS SERIOUSLY INJURED, THERE WAS A SLIGHT DECREASE, WITH 1,530 SERIOUSLY INJURED IN THE FIRST NINE MONTHS OF THE YEAR, 122 LESS THAN IN THE SAME PERIOD OF THE PREVIOUS YEAR.

57 Setúbal

38 Oporto

36 Lisbon

32 Leiria

SETÚBAL, OPORTO, LISBON AND LEIRIA WERE THE **DISTRICTS WITH THE HIGHEST NUMBER OF DEATHS**, WITH SETÚBAL AND LEIRIA WITNESSING THE HIGHEST INCREASE COMPARED TO THE SAME PERIOD LAST YEAR.

ACCORDING TO THE PORTUGUESE ROAD SAFETY, WHICH COLLECTS DATA FROM THE PSP AND THE GNR POLICE FORCES, THE DISTRICTS THAT WITNESSED THE LOWEST LEVEL OF CASUALTIES, UNTIL SEPTEMBER THIS YEAR WERE BRAGANÇA, VIANA DO CASTELO AND PORTALEGRE, WITH FIVE DEAD IN EACH.

Source: National Road Safety Authority



Surely simpler
when the accident
happens



e-SEGURNET: 6,000 mutual statements straight from the drivers' pockets

In just two years, the Portuguese Association of Insurers' App relies already on more than 75 thousand downloads and more than 18.600 users.

Rendering easier statement and communication of a car accident to insurance companies is the goal of e-SEGURNET, an application for mobile phones, tablets and PC, developed by the Portuguese Association of Insurers together with the insurance companies operating in the Portuguese Market.

Its acceptance by the public and its acknowledgement by the digital community, expressed in the Honourable Mention obtained in the category Best Digital Product & Customer Experience, within the scope of the 2017 Portugal Digital Awards, results from four fundamental characteristics:

IT'S SIMPLE. Pre-registration and pre-filling of the driver, policy and vehicle data avoid time-consuming filling up procedures whenever an accident occurs.

IT'S PRACTICAL. Given that most of the data required for

the statement is already contained in the app, the ability to use pre-defined schemes, and the use of smartphone features - such as geolocation and camera - it becomes much easier to record and document the accident.

IT'S QUICK. The whole process is faster, especially as regards communication with the insurers, since it informs them, automatically, avoiding the need to go to the insurance company and submit paperwork.

IT'S SAFE. The statement can be viewed on the mobile phone after receiving an SMS to that end and a PDF in DAAA format is also sent by e-mail to the participants for validation purposes.

As for the signature process, it is very simple: each participant receives a code on the mobile phone and will be asked to enter the code and the mobile phone number in the application as a signature. The statement is then sent directly to the participants' insurance company and no further action is required.

E-Segurnet is free and available on APP Store, Google Play and Windows Store. Since it was released on November 30, 2016, it has more than 75.000 downloads, more than 18.600 users have already created an account in the app and are ready to use it in case of a car accident.

More than 6,000 Statements and Additional Information

(back of the statement) have been handled so far via the app, corresponding to more than 3,000 accidents.

It stands out from other initiatives in the market because:

/ It covers the whole market. Once the account is created, if the case of insurance transfer to another insurance company it is enough to register the data of the new insurance and you will continue to be able to use the same app.

/ Can be used even without pre-registration. Even if you didn't install the application, you can issue the statement on another person's device or even the web. You will receive all the information on your email and on your device, by SMS.

Later, if you want to create an account, using the code that was sent to you by SMS to make the subscription, you will be able to retrieve the statement you have sent, which will be added to the respective account.

/ Using QR makes it easier to fill in the statement. Some insurers have already included, in the Green Card, a standard market QR code, which has two possible uses: it allows pre-registration of policy and vehicle data automatically which can then be retrieved in case of an accident to complete the statement.

/ It is comprehensive. You can save the data from several vehicles and of several policies in the app and, in case of an accident, you just have to select the vehicle involved.

You may also use this to report accidents involving multiple vehicles (not only two as in DAAA), including accidents under coverage of Own Damage and even QIV - Isolated Glass Breaks, may also be included.

The website www.e-segurnet.pt, which has had already more than 247 thousand visits, is contained in the application's webpage, along with a tutorial and a set of FAQ (Frequently Asked Questions) that may help to clarify how the app works.

GREEN CARD: The guarantee of free European car movement

The creation of a single car market was and is at the heart of the creation of the green card in 1953. The Portuguese Green Card Office (GPCV) was established in 1986.

The Green Card is a mechanism to protect the victims of car accidents when they occur outside the borders where the vehicle is registered. This system covers 48 member countries, represented by 47 national Green Card Offices. This system was created worldwide in 1949 (in accordance with Recommendation number five, adopted on January 25th 1949, by the Sub-Committee on Road Transport of the Inland Transport Committee of the United Nations Economic Commission for Europe and with Directive 72/166/EEC of April 24th 1972 subsequently drafted in Directive 2009/103/EC of September 16th 2009).

Countries that have joined this system and have National Green Card System Office are:

/ Albania, Andorra, Azerbaijan, Belgium, Bosnia and Herzegovina, Belarus, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Lithuania, Latvia, Malta, Morocco, Moldova, Macedonia, Montenegro, Netherlands, Norway, Portugal, Poland, United Kingdom, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine

The Portuguese Green Card Office (GPCV) was established in 1986.

The objectives of the Green Card system are essentially two:

/ to prevent drivers from having to take new insurance contracts when they cross the borders of their country;

/ facilitate the management of claims in the event of an accident by ensuring that any person who is the victim of an accident while driving a car with a foreign registration plate is not impaired compared to what would happen if the accident occurred while driving the vehicle in his own country.

Thus, the GPCV assumes two types of functions:

/ the management of accidents occurring in European Union countries or in countries that have joined the Green Card System and caused by insured land vehicles which are registered in Portugal.

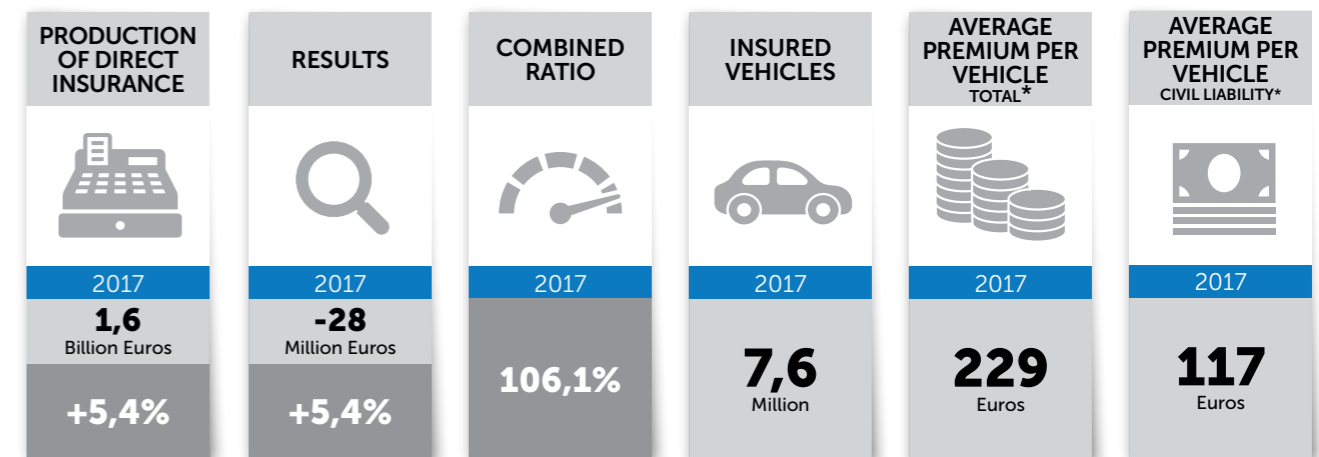
/ the management of accidents in Portugal caused by insured vehicles registered in European Union countries or in other countries that have joined the Green Card System.

Accidents occurring abroad that are the responsibility of vehicles registered in Portugal that do not have valid insurance or, despite having valid insurance, the Portuguese insurer has no corresponding institution in the country where the accident occurred

	2015	2016	2017
OPEN PROCESSES	1577	1232	1528

Accidents occurring in Portugal are the responsibility of vehicles registered outside Portugal that are not holders of valid insurance or, having a valid insurance, the foreign insurer has no corresponding entity appointed in Portugal:

	2015	2016	2017
OPEN PROCESSES	760	959	1163



*Amounts extrapolated based on the APS report "Quarterly Management Indicators - Auto"

National Plate File Registration: find out if the vehicle has a valid insurance

7.8 million cars with insurance are registered in Portugal. 82% are light vehicles according to the National Plate File Registration. More than 400 thousand insured cars were registered in the year 2000.

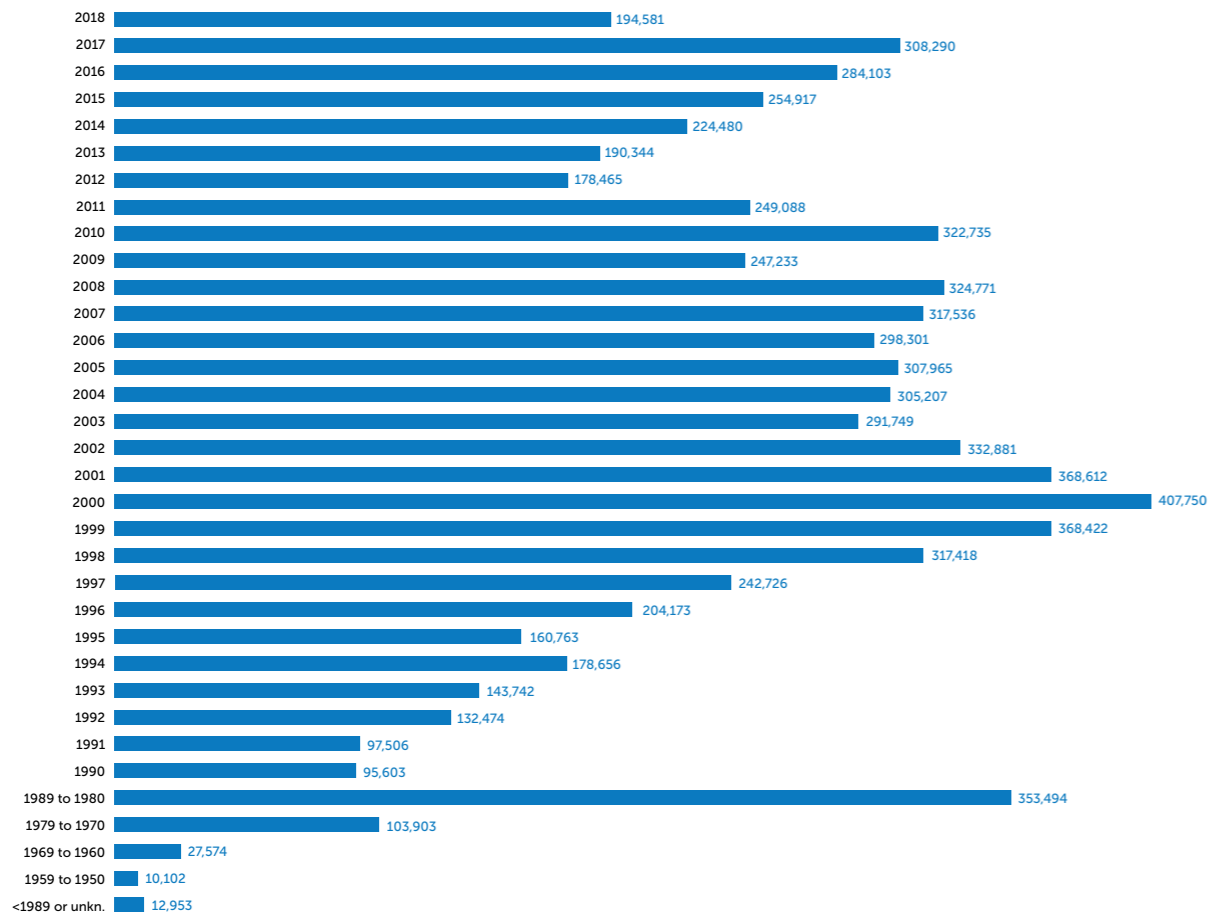
The National Plate File Registration is a system based on an immediate registration of car insurance, thus allowing the

control of the whole life cycle of a Car Insurance, from the eventual issuance of the provisional certificate, until the issue, renewal and annulment of the insurance contract.

The system is used by all insurers that operate the Car branch in Portugal, has more than 7.8 million registered vehicles with valid insurance and is also used to update the information contained in the ASF - Supervision Authority of Insurance and Pension Funds.

To find out if a vehicle has valid insurance a feature is available on the ASF website (<http://www.asf.com.pt/>) to obtain this information.

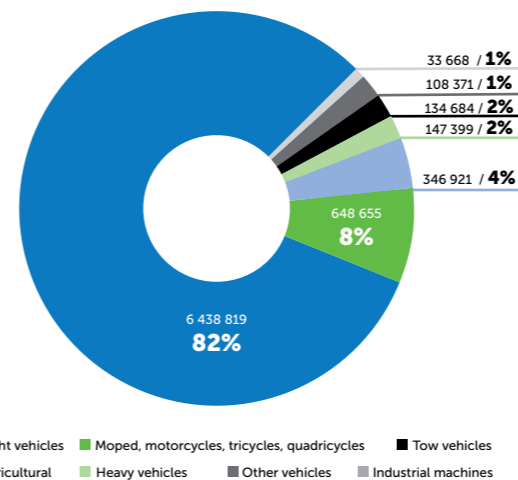
INSURED VEHICLES PER MANUFACTURING YEAR



INSURED VEHICLES BY CIRCULATION DISTRICT

Lisbon	1599348
Oporto	1134804
Braga	622896
Aveiro	568030
Setúbal	510004
Leiria	424448
Faro	361756
Santarém	359267
Coimbra	349462
Viseu	316935
Viana do Castelo	198234
Vila Real	164561
Castelo Branco	152326
Madeira Island	149388
Guarda	142094
Bragança	122403
Évora	119199
Beja	116544
UNKNOWN	115174
Portalegre	84909
São Miguel Island	83701
Undefined	81425
Terceira Island	37607
Faial Island	11353
Pico Island	10763
São Jorge Island	7359
Porto Santo Island	4541
Santa Maria Island	4181
Graciosa Island	3151
Flores Island	2473
Corvo Island	181

INSURED VEHICLES BY CATEGORY



Direct Claim Settlement Agreement: 267 thousand claim files opened show an increasing trend

From 2015 to 2017, approximately 20 thousand new claim files were registered. Implemented in 1991, this self-regulatory process of the Portuguese Insurance market is the fastest, swiftest most convenient and effective in the settlement of motor insurance claims.

The Direct Claim Settlement Agreement, or IDS, is an agreement signed among insurers with the objective of:

- / speeding up the settlement of motor insurance claims involving only material damages;
- / promoting a better relationship between the victim and his own insurance company;
- / simplifying the communication circuits among insurance companies, with positive impacts on the settlement of claims.

This system applies to the settlement of motor insurance claims under the following conditions:

- / only two vehicles are involved;
- / there is a collision between them;
- / the insurers of the vehicles have both signed the IDS Agreement;
- / occur in Portugal;
- / the material damage of each vehicle does not exceed €15.000;
- / there are no bodily injuries;
- / A Friendly Accident Statement (DAAA) has been duly filled in and signed by both drivers/policyholders.

CLAIM FILES OPENED	2015	2016	2017
IDS	214.442	221.266	227.557
CIDS	34.522	44.136	39.577
TOTAL	248.964	265.402	267.134

IDS came into force on December 1, 1991. It is a self-regulation process of the Portuguese insurance sector that was based on some innovative principles, at the time, for the Portuguese market and 30 insurance companies joined this system.

In 2007, the IDS Agreement was extended, through the implementation of the CIDS Agreement to motor insurance claims, where a DAAA had not been filled in and duly signed by both drivers /policyholders thus allowing for a greater number of claims to be settled, using the mechanisms and communication circuits implemented for the IDS Agreement.

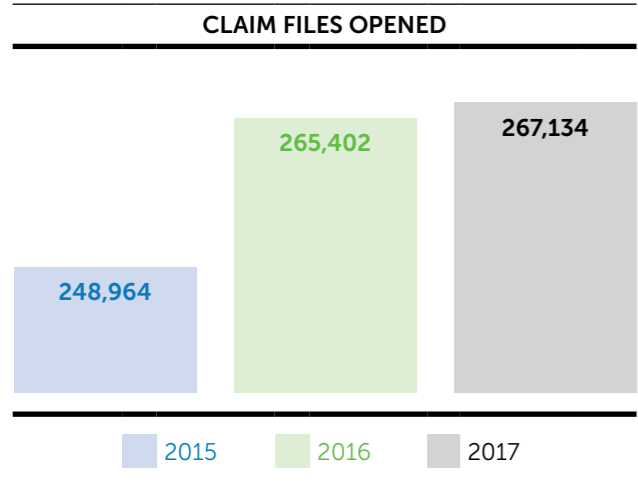
The Agreements only bind the insurance companies that have signed it, therefore policyholders are not obliged to accept the settlement of a motor insurance claim under the aegis of the agreements.

But the benefits of the system have been enormous and acknowledged:

/ Policyholders involved in accident, relate to their own insurance company, handing in the DAAA or claim participation, without having to contact the other company in the quality of a third party;

/ The existence of a centralized management process, with very short deadlines, speeds up decision-making, allowing a quick definition of responsibilities and the corresponding settlement of the claim.

The main advantages of this standardized system can be summarised in three words: simplicity, efficiency and speed. This also results in better service, greater responsiveness and more personalized service in the customer/insurance company relationship.



Insurance sector defends the need for driver's insurance

The insurer sector has been defending the need to establish a personal injury cover, of an indemnity nature, for the driver. The cover should be compulsory and with higher capitals than those of personal accident insurance cover for passengers.

In Portugal, road accidents are of a major concern, as year after year the number of road traffic accidents involving victims has been increasing, with particular incidence in recent years.

Several tens of thousands of traffic accidents involving bodily injury (31,953 in 2015; 32,299 in 2016; and 34,416 in 2017) are registered each year, many of which are particularly worrying because of the consequences.

In 2017, 44,495 people were either injured or died as a result of road traffic accidents, being the drivers the vast majority of the victims (approximately 60%).

According to data from the National Road Safety Authority, annually, more than 25 thousand drivers are victims of road traffic accidents that result in death or bodily injury (25.831 in 2015; 26.042 in 2016; and 28.213 in 2017).



As it happens, many drivers do not have any specific coverage that will guarantee the necessary indemnity in the case of suffering severe bodily injury, sometimes with serious repercussions, simply because the accident occurred due to his sole responsibility. Contrarily to the passengers being transported in the vehicle, the driver responsible for the accident is excluded from the protection guaranteed under Compulsory Third Party Liability Insurance, for that vehicle.

Despite the subscription of an optional personal accident insurance policy to guarantee the indemnity for injuries suffered by the driver, the amounts are, in general, relatively low and insufficient to cover medical expenses and rehabilitation costs in the event of severe bodily injury.

Currently, there is no obligation to take out an insurance cover to guarantee the damages suffered by the driver, and the number of drivers that do not have any type of protection is still very high. This means that the most frequent victim of traffic accidents - the driver - is also the least protected victim, which entails very significant economic and social costs.

As a solution to the lack of protection, the insurance market has introduced optional covers to protect the driver liable for the accident. The objective is to ensure that the injured driver receives identical or equivalent treatment as if he were a passenger, pedestrian or not

held liable for the accident, according to the criteria determined by law.

"Driver Insurance Cover" has substantially higher capital provisions than traditional "passenger insurance" and is not limited to the payment of compensation or reimbursement of treatment costs. "Driver Insurance Cover" guarantees the payment of compensation for future damages in the event of death or permanent disability of the driver. In the case of permanent disability this cover also guarantees the costs associated to future assistance necessary for recovery, adaptation of the vehicle and housing, granting him and his family a financial protection in the future.

The subscription of the referred cover guarantees that the driver suffering from bodily injury is accompanied and compensated by the insurer of the vehicle, without having to first define the driver liable for the accident, thus allowing for a quicker settlement of the claim.

Definition of Liability can be defined at a later date, and if the insurers involved agree upon that the victim was not liable for the accident, the company will be able to recover all costs from the driver responsible or his insurer or Guarantee Fund in the absence of an effective insurance policy.

Even though there are already optional covers of this nature in the market, the fact is that there is still a limited number of drivers insured. As such, the insurance market has been defending the need for the implementation of a compulsory insurance cover for Drivers, with specific characteristics and defined rules for the purpose of insured capital and indemnity amounts. This cover though compulsory should be complimentary to the Compulsory Third Party Motor liability insurance cover.

The implementation of such a cover will not only be beneficial to drivers suffering bodily injuries when liable for the road traffic accident, who will be accompanied by the insurance company, but also to the National Health Service, given that this entity will not have to support medical and recovery costs as these will be borne by insurers. In terms of Social Security, this entity will also benefit as certain charges will be also be supported by insurers.

INSURANCE DISTRIBUTION DIRECTIVE - THE NEW REGIME:

GREATER PROTECTION FOR THOSE WHO BUY, MORE INFORMATION FROM THOSE WHO SELL

More transparency, tougher rules and greater accountability for those who sell insurance and insurance-based investment products. The Insurance Distribution Directive strengthens the rules of conduct and the provision of information to the consumer. This directive is aimed at minimum harmonisation.

The Directive 2016/97 of the European Parliament and of the Council of January 20th, 2016 on the redesign of the insurance distribution system aimed at, according to its recitals:

- / strengthen the harmonization of national provisions regarding distribution of insurance;
- / improve protection for insurance consumers;
- / ensure that insurance consumers in each Member State have the same level of protection irrespective of the channel used to take an insurance product; and,
- / contribute to the strengthening of the domestic insurance market.

This Directive is much more detailed when compared to the previous one of 2002, focuses on more issues and has a wider scope, monitoring not only insurance mediation activities but all forms of insurance distribution, including direct sale by insurance companies and associate sales involving insurance, whether sold as the main product with a package offering other goods and services or as an ancillary product in the sale of goods and services.

It further develops and clarifies a number of issues pertaining to the distribution regime, in particular training

requirements, professional knowledge, reputation and issues related to the distributors' remuneration scheme. It also provides for new rules of conduct, provision of information and, where appropriate, advice to be taken into account by the distributor when selling insurance products. No less relevant are the rules on the prevention and mitigation of possible conflicts of interest between the distributor, the customer and the insurance company and the rules pertaining to the supervision and governance of products;

The Directive seeks also to align the sales regime of insurance-based investment products as provided for in Directive 2014/65/EU (applicable also to other investment products) and includes additional requirements of greater accountability when selling such products.

The aim, as mentioned above, is to allow the consumer/customer to enjoy not only more and better protection but also protection that should become gradually identical, irrespective of the chosen channel or means of distribution.

This Directive aims at minimum harmonization, duly acknowledged in its preamble. It grants Member States considerable freedom when it comes to implement the established guidelines.

Given that it aims at minimum harmonisation, it does not prevent therefore - rather induces, sometimes - Member States to maintain and/or introduce stricter and more stringent provisions aimed at better protecting customers.

These circumstances will undoubtedly lead to differentiated market-to-market regulatory regimes within the European Union.

That is why, despite the rather detailed nature of the Directive and given its very nature and type of transposition some specificities of national systems probably will be eliminated.

Furthermore, "equal conditions between distributors", referred as one of the objectives contained in the recitals of the Directive, will not be easy to achieve. Distributing or, from another angle, buying insurance directly from an insurance company, or carrying out such operations through an intermediary will certainly continue to be different from the material point of view and have a different legal framework in each State and in the different Member States.

The typical operating models of each distribution channel tends to remain differentiated. Such differences, by the very nature of things, cannot fail to reflect in this process and in the specific regime of each insurance distribution act, reflecting the rights and duties of the relevant persons or entities involved or interested.

HIGHLIGHTS OF THE NEW REGIME

What the Directive considers to be insurance distribution.

Activities that:

- i) Offer advice, propose or perform preparatory work before the signing of insurance contracts, or;
- ii) Conclude insurance contracts or support the management and the exercise of such contracts, especially in case of an accident;
- iii) Provide information – via websites or other means, according to criteria selected by customers – on one or more insurance contracts and comparison of insurance products and/or prices in those situations where the customer is able to sign immediately, directly or indirectly, the contract. The aim is to include here the activities of the "comparators," or "aggregators".

What is not considered insurance distribution?

It is not considered insurance distribution:

- i) The provision of information to a customer on an occasional basis within the context of another professional activity or the provision of information on insurance products to potential policyholders or on the latter to an insurer if the provider of such information does not perform or intends to perform additional assistance during the signature or executing an insurance contract;
- ii) Claims management on a professional basis and expert appraisal and claims settlement.

To whom does it apply?

This scheme applies to people, whether natural or legal persons, who engage or set about to engage in

the future, in activities that fall under the concept of insurance distribution; Insurance distribution activities may be performed, among others, by:

- i) Insurance companies
- ii) Insurance intermediaries (insurance agents, exclusive or not, or brokers);
- iii) Insurance intermediaries performing this job on an ancillary basis (when the activity does not fall under the exemption scheme).

Compared with the regime hitherto in force the role of connected insurance now ceases to exist. A new role emerges: that of the insurance intermediary, who performs the job on an ancillary basis.

The sub-categories of the mediation activity

It is customary, in the national legal order, to establish a difference between the following sub-types of intermediary:

Insurance agent, even when "multi-brand" - the intermediary who performs this activity in his/her name or on behalf of one or more insurance companies, as set down in the contracts he/she signs; or

Insurance broker, the intermediary who performs this activity independently from insurance companies and whose activity rests on the impartial analysis of a sufficient number of contracts available in the market, thus allowing him/her to advise the customer, taking into account the needs of the latter.

It is important in each concrete intermediation situation to make clear on behalf of whom the intermediary is acting, that is, if in each particular case he/she:

- i) represents the customer; or,
- ii) acts in the name and on behalf of an insurance company;

The new role of insurance intermediary, on ancillary basis

An ancillary insurance intermediary is a natural or

legal person (not a credit institution or investment company) performing, at a cost, distribution on an ancillary basis of supplementary insurance products on a service provided within the scope of its main activity. Rules applied to this type of intermediary are not as demanding as those that apply to the remaining intermediaries and brokers.

Professional Requirements (skills and reputation)

All insurance distributors, including employees of insurance companies and of intermediaries engaged in the distribution activities must have the suitable knowledge and skills for the good and proper performance of these functions;

Also relevant persons in the management structure of these companies, in charge of insurance products distribution, as well as any others directly involved in the distribution activity must have the necessary knowledge and skills for the performance of their duties;

Each person involved in distribution activities (with the occasional exception of intermediaries on an ancillary basis) should be offered at least 15 hours of professional training or annual training must be provided; this period of training and further training may be increased depending on the products to be distributed and the complexity of the duties performed.

In addition to the requirements as regards knowledge and skills, the persons to whom reference is made **must enjoy a good reputation, i.e. meet the requirement of reputability.**

Obligation to take civil liability insurance

Insurance intermediaries (with the possible exception of mediators on ancillary basis) must take professional RC insurance, or an equivalent guarantee covering operations developed in EU territory, with a capital of no less than € 1.250.000,00 per claim and €1.850.000, per annum (number of claims, in both cases).

They shall be exempt from this obligation if: (i) they are

covered by an insurance or an equivalent guarantee, contracted at least within the same scope, by an insurance company or a company they work in, on behalf of or mandated by; (ii) the insurance company has taken full responsibility for the acts of its intermediaries.

Duties of Disclosure and Rules of Conduct

Insurance distributors must act honestly, accurately and professionally for the best interests of their clients;

All information provided to the customer must be correct, clear and shall not be misleading;

Products offered must, at the very least, be adapted to the needs of customers;

Insurance distributors shall not be remunerated, nor shall they remunerate or assess the performance of employees in a manner that conflicts with the duty to act in the best interests of their clients.

Information before signing an insurance contract

Of particular note is the duty to inform clients on the following:

- if the sale of the insurance is preceded by "advice", either at the request of the customer or at the initiative of the distributor, this advice being taken as a "formulation of a personal recommendation", in relation to one or more insurance contracts;

- if the intermediary acts on behalf of the client or in the name and on behalf of an insurance company;

- if the insurance intermediary has a qualifying shareholding (equal to or above 10%) in the voting rights or capital of an insurance company and if an insurance company or its parent company holds 10% or more in the share capital of the intermediary or in the respective voting rights;

- the nature of the remuneration to be received in relation to the insurance signed, especially if the service is paid: a) based on fees paid by the customer and, if applicable, what is the amount or method of calculation thereof; (b) through a commission, included in the insurance premium; c) another type of remuneration, including any economic advantage or financial or non-financial incentive offered or granted in

return for the insurance distribution activity; (d) based on a combination of different types of remuneration.

Regime whenever there is counselling

When signing the insurance contract is preceded by advice by an insurance intermediary, the latter, in addition to the general information, must also inform the prospective insured on:

- whether advice is based on a personal and impartial analysis;

- if work is performed exclusively for one or more insurance companies and which;

- what companies does the intermediary work when he does not have any contractual obligation to work with any of them.

If advice is given, the distributor must provide the customer with a personalized recommendation explaining why a particular product is the best solution that meets customer needs.

If advice is given by an insurance intermediary who bases his advice on an unbiased analysis, personal advice should be offered after analysing a sufficient number of coverages available on the market and suggest, in accordance with professional criteria, the subscription of that considers **the one that best meets the customer needs**;

Regime when there is no advice

In the case of the sale of an insurance product not preceded by advice, the distributor must, taking into account the information held on the customer, specify the requirements and needs of that particular customer and provide him with objective information on the product (s) he sets about to sell him, so that he can make an informed decision.

Proposed insurance should be adequate to meet the customer needs;

The detail and content of information to be provided are adjusted according to the complexity of the product and the customer profile; the greater the illiteracy of the latter in insurance matters the more careful and clear should the information to provide be.

Mode of disclosure of information

The information must be communicated to the customer, free of charge, on paper, clearly and accurately and easy to understand.

Alternatively, such information may be provided through a website or on a durable medium other than paper if that particular medium is chosen by the customer and is considered appropriate within the context of the relationship established between the customer and the distributor;

The use of a website is considered appropriate if the customer has regular access to the internet. Stating an email address for the purpose of such contacts is a sufficient proof of such regular internet access by the customer.

Regarding the content of **non-life insurance products**, information must be provided in a standardized document **prepared by the producer of the product**;

The product information document must be concise and independent, of course, written in characters that are easy to read and accurate and not misleading.

The presentation of this document does not exempt the provision of other pre-contractual or contractual information provided for in the applicable laws.

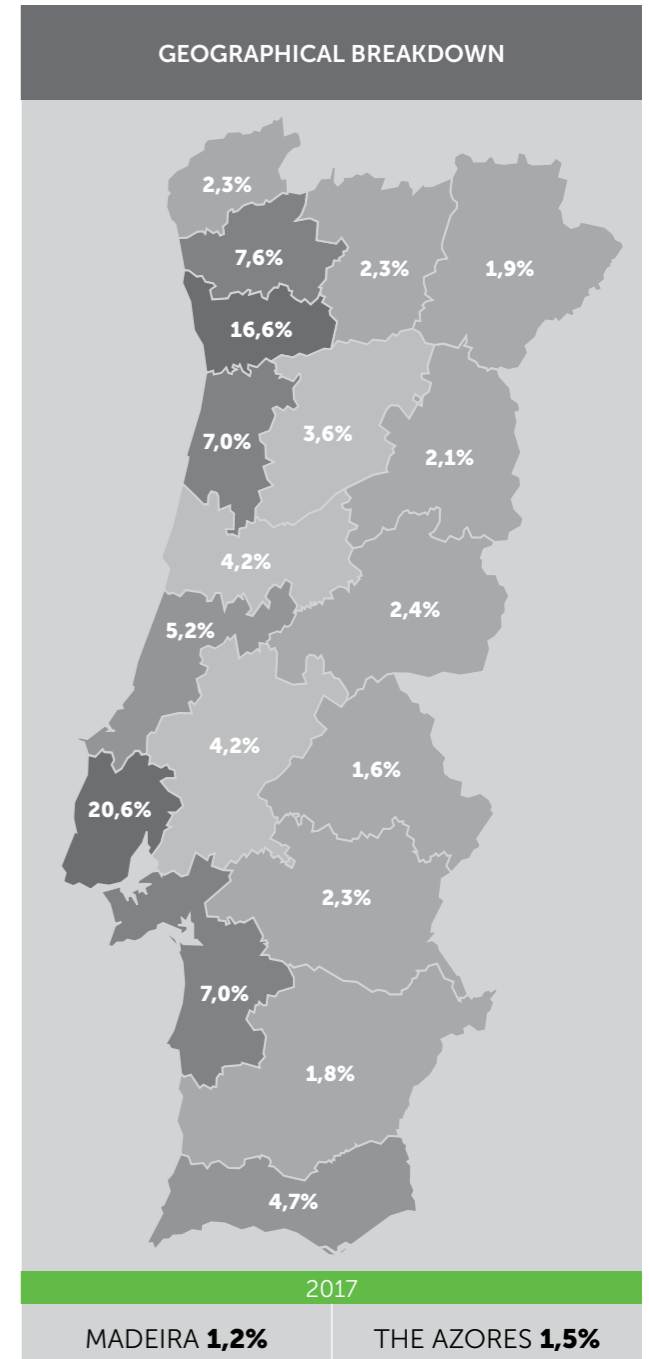
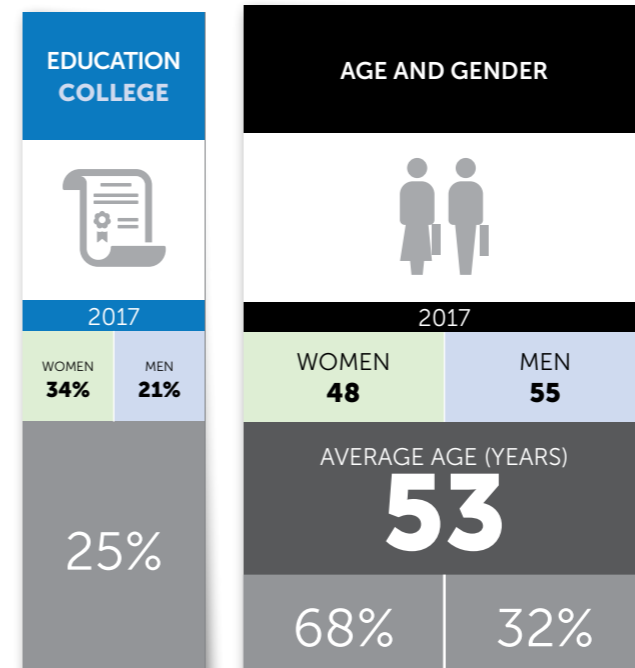
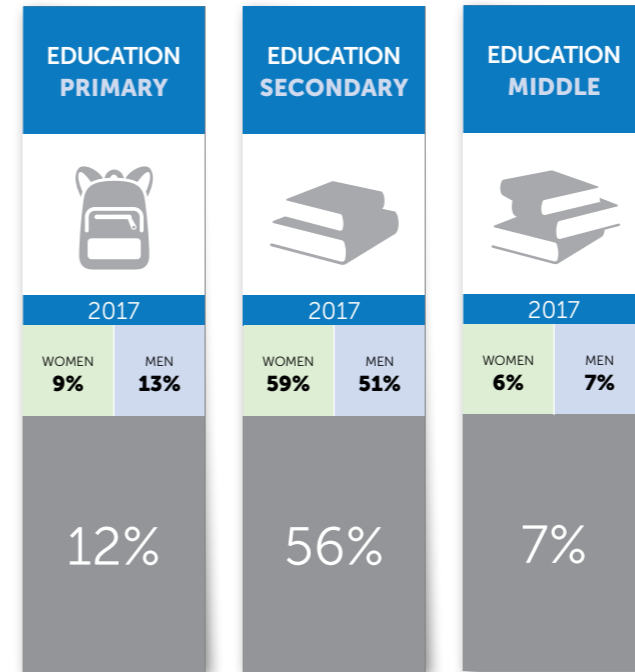
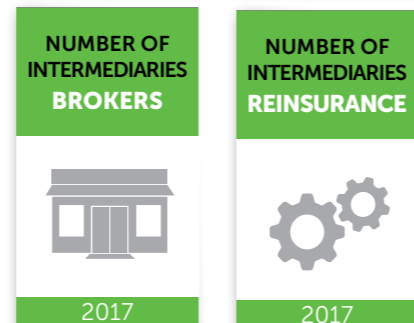
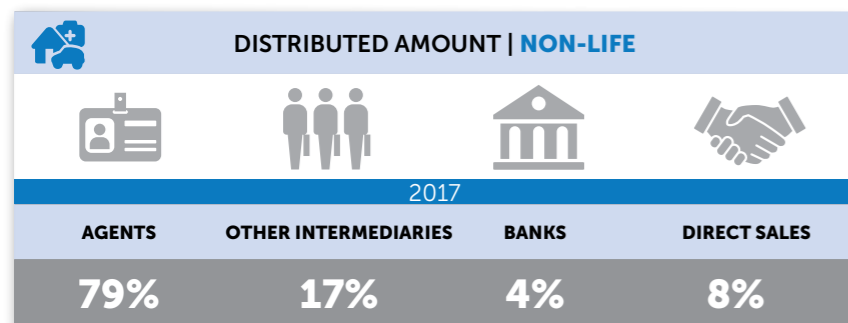
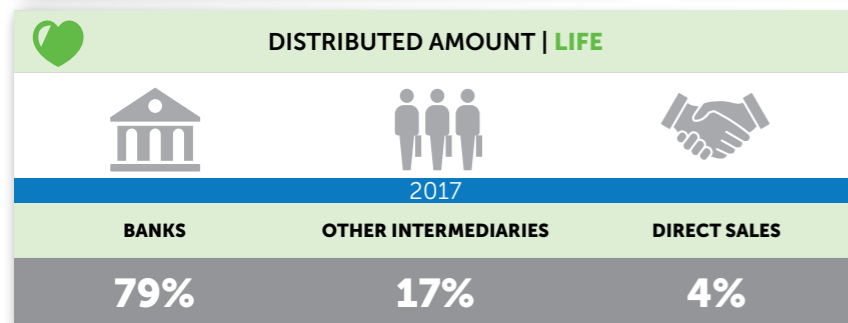
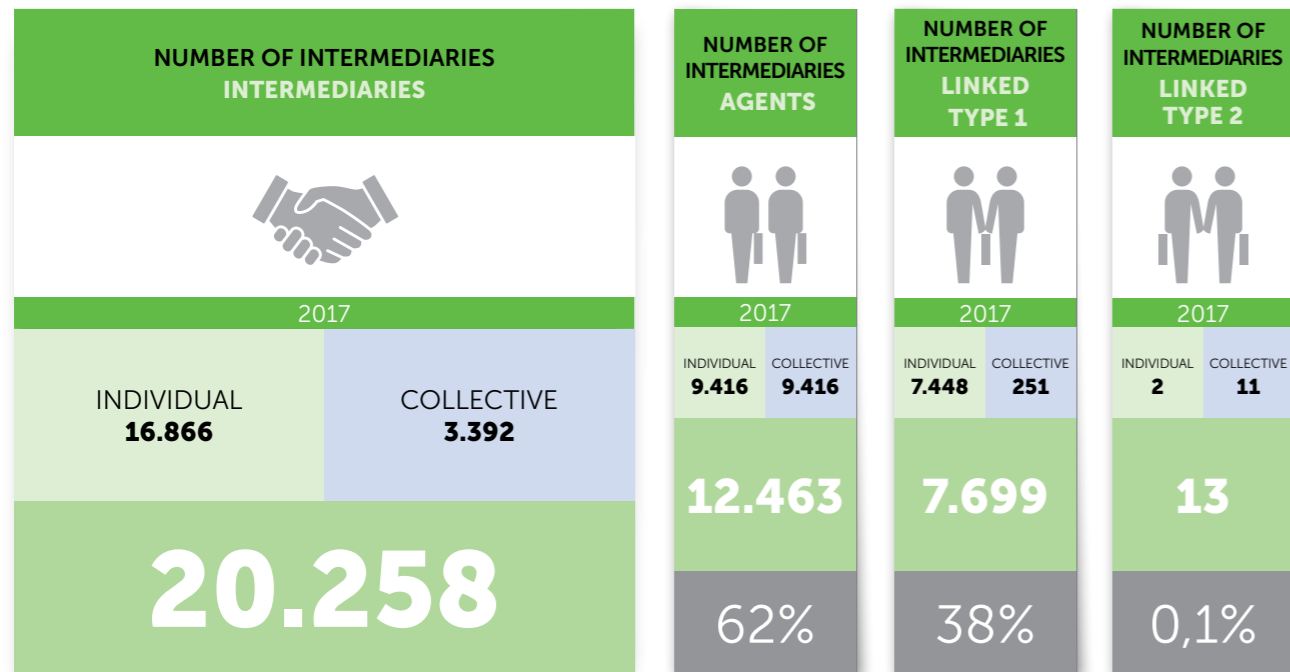
Product Supervision and Governance

By innovating significantly when compared to the previous scheme, the new law provides that insurance undertakings and mediators who design insurance products have a duty to maintain a procedure for approving each product or major adaptations to existing products before they are marketed or distributed to customers.



The approval process shall specify the target market and ensure that: (i) all relevant risks in that particular target market are evaluated; ii) the intended distribution strategy is consistent with the identified target market; iii) all reasonable measures to ensure that the product is distributed on the target market are taken.

PROFILE OF INTERMEDIATION / DISTRIBUTION OF INSURANCE IN PORTUGAL

PROFILE OF INTERMEDIARIES



INSURANCE IN NUMBERS

GROSS WRITTEN PREMIUMS SINCE JANUARY	Thousand Euros		Year on Year Variation		Output Structure	
	2017.09	2018.09	Nominal	Real	2017.09	2018.09
 LIFE	4 638 457	5 766 219	24,3%	23,0%	58,5%	62,0%
Risk	732 839	748 937	2,2%	1,1%	9,2%	8,1%
Capitalisation Products	2 424 054	2 739 171	13,0%	11,8%	30,6%	29,4%
Retirement Savings Plans (PPR)	1 480 251	2 277 611	53,9%	52,3%	18,7%	24,5%
Capital Redemption Operations	1 313	500	-61,9%	-62,3%	0,0%	0,0%
 NON-LIFE	3 296 223	3 536 598	7,3%	6,2%	41,5%	38,0%
Accidents & Health	1 217 421	1 337 538	9,9%	8,7%	15,3%	14,4%
Workers Compensation	531 716	604 362	13,7%	12,5%	6,7%	6,5%
Health	577 565	618 153	7,0%	5,9%	7,3%	6,6%
Fire and other damage in property	604 429	631 921	4,5%	3,5%	7,6%	6,8%
Households and Condominiums	367 264	384 503	4,7%	3,6%	4,6%	4,1%
Commerce and Industry	171 942	178 428	3,8%	2,7%	2,2%	1,9%
Motor	1 273 572	1 361 572	6,9%	5,8%	16,1%	14,6%
Transportation (MAT)	38 365	37 558	-2,1%	-3,1%	0,5%	0,4%
General Liability	83 946	85 206	1,5%	0,4%	1,1%	0,9%
Miscellaneous	78 490	82 804	5,5%	4,4%	1,0%	0,9%
TOTAL	7 934 681	9 302 817	17,2%	16,0%	100%	100%

PARA ALÉM DAS CINZAS

Portugal Seguro

JUNIOR ACHIEVEMENT PORTUGAL

LEARNING RISK MANAGEMENT IN THE CLASSROOM

Risk and risk management in the insurance market explained in the classroom. This is the purpose of the Financial Literacy program designed by Junior Achievement Portugal (JA Portugal) together with the Portuguese Association of Insurers (APS).

"These are financial literacy guides based on risk and on the role of the insurance market in risk management and prevention," explains Frederico Fezas Vital, CEO of JA Portugal, the similar Portuguese institution (2005) of an international organization, Junior Achievement, established in the



Frederico Fezas Vital

CEO, JA PORTUGAL

United States in 1919. It is currently the world's oldest organization for entrepreneurship education, working in 122 countries and reaching more than 10 million children and young people annually.

"Based on what has been done in Spain with the Spanish counterpart, UNESPA, which has implemented a set of specific pedagogical contents, the program will adapt to the Portuguese reality and will be directed to the students of Secondary Education, focusing on the performance, in this first year of partnership, in an age group of 15 to 17 years," he announced.

With financial issues related to insurance now reaching schools, the insurance industry seeks to raise awareness among young students about the risks they are exposed to, as well as to assimilate their effects. They must also understand the management of emotions and behaviours and know how to apply the tools they need in order to raise awareness. The last chapter focus on issues related to "savings or mutuality" according to the protocol signed between the two entities, the Portuguese Association of Insurers and JA Portugal.

The current program runs in four sessions with the duration of one hour each, during normal school hours for four weeks. It focuses on issues such as risk management, self-knowledge and decision-making states Frederico Fezas Vital who points out that the association he presides over has a national presence in 18 districts and in the Azores ("Madeira is out" for the moment) and involved more than 330 thousand students since the zero year of programs (2005).

The "teachers" are volunteers who are trained in teams of two and appointed by insurers. "APS develops materials together with JA. A framework was created so that companies can individually apply the programs using their volunteers in the placement of these themes in the classroom", he continues.

"The insurance companies will have to be involved in the management of volunteers," he concludes, and JA will teach a single lesson to these volunteers and he will also "guarantee that the teaching materials are ready" whereby the focus is on training on posture in the classroom, attitude and interaction with students. APS will be responsible for the more technical component," he says.

Despite testing digital in the training area, "in this first year of partnership with APS, lessons will be face-to-face", warns the head of Junior Achievement Portugal.

At the end of this program, "an assessment will be made to ascertain the impact and level of satisfaction, data will be used to measure the success or failure of the action and we will focus on the eventual need to make

adjustments," he concludes. There is also the wish to extend for the second year (2019/2020 school year) this Financial Literacy program to Basic Education.

It is worth remembering that JA Portugal develops six basic programs, whose themes are: "The Family" (1st year of schooling), "The Community" (2nd grade), "Europe and Me" (5th and 6th grade), "It's My Business" (7th and 8th grade), "Economy for Success" (9th grade); and "The Company" (10th to 12th grade).



The "teachers" are volunteers who are trained in teams of two and appointed by insurers.

A framework was created so that companies can individually apply the programs using their volunteers in the placement of these themes in the classroom".

DR. ANTÓNIO CUPERTINO DE MIRANDA FOUNDATION

LEARNING TO DEAL WITH MONEY

It is common to say that from each crisis we receive a new lesson from which we can and should learn the proper lessons.

The Dr. António Cupertino de Miranda Foundation (FACM) drew inspiration from the 2008 worldwide economic, financial and social crisis (to which Portugal did not escape). Based on the diagnosis made by the University of Oporto (Department of Museology of the Faculty of Arts), stating that “people” not only “had no money” as they did not know how to “deal with it”, the Foundation started with the support of the Faculty of Economy of Oporto, “a project of financial education targeted to children and young people, from pre-school to secondary education, proposing a new paradigm of interaction”, recalls Maria Amélia Cupertino de Miranda, chairman of the board of directors of the Dr. António Cupertino de Miranda Foundation.

Maria Amélia Cupertino de Miranda

CHAIRMAN OF
DR. ANTÓNIO CUPERTINO
DE MIRANDA FOUNDATION



“ambition to contribute to the training of a new generation more informed and better prepared to deal with and live with calculated risks, e.g. better educated financially”.

“A cent saved is a cent earned” is the name of this training initiative, created in 2009. The objective was to “show the importance of financial education and to convey knowledge towards the development of financial skills that allow informed and correct decision making,” she continues.

The diagnosis resulting from the 1st Survey on the Financial Literacy of the Portuguese Population carried out in 2010 by Bank of Portugal and which pointed to “the existence of very low literacy of the Portuguese population”, followed by the warning by the Behavioral Supervision Report of Bank of Portugal (April 2011) which emphasized “the urgent need to make financial education a priority strategy to be implemented at a national level”, and finally the warnings in March 2016 of the World Economic Forum that “identifies financial literacy as one of the five most important competencies for a student of the 21st century reinforced the decision made by the FACM.

The project, which is now in its 9th edition, covers this year a universe of about 320 classes and 6400 students. It will seek, as in previous years, not only to “provide all the educational resources necessary to learn concepts, objectives and priorities, indispensable for the financial education of a new generation”, but also to “give teachers the necessary training and follow-up to feel confident to teach these themes”, emphasizes the president of this Foundation formed in 1964 whose headquarters located at Avenida da Boavista, in Oporto, house the Museum of Paper Money (MPM), a museum space that tells the “history of paper money part of the Portuguese fiduciary heritage with the purpose of preserving the testimonies of the economic, social and cultural evolution of Portugal”.

The “A cent saved is a cent earned” project refers to both the “acquisition of financial literacy skills” and the “attitudes, expectations and emotions associated with money management in different daily situations, contributing to the development of relationships between

children and parents,” she further adds.

In this regard, the Foundation is “proud to rely on the important support and valuable collaboration of the Portuguese Association of Insurers (APS)”, an association that has expressed a desire to build a strong and muscular partnership, with the aim of reinforcing the coverage of the subject of insurance among the different target groups: students from all educational cycles, teachers and seniors” summarized the chairman of the board of directors of the Dr. António Cupertino de Miranda Foundation.

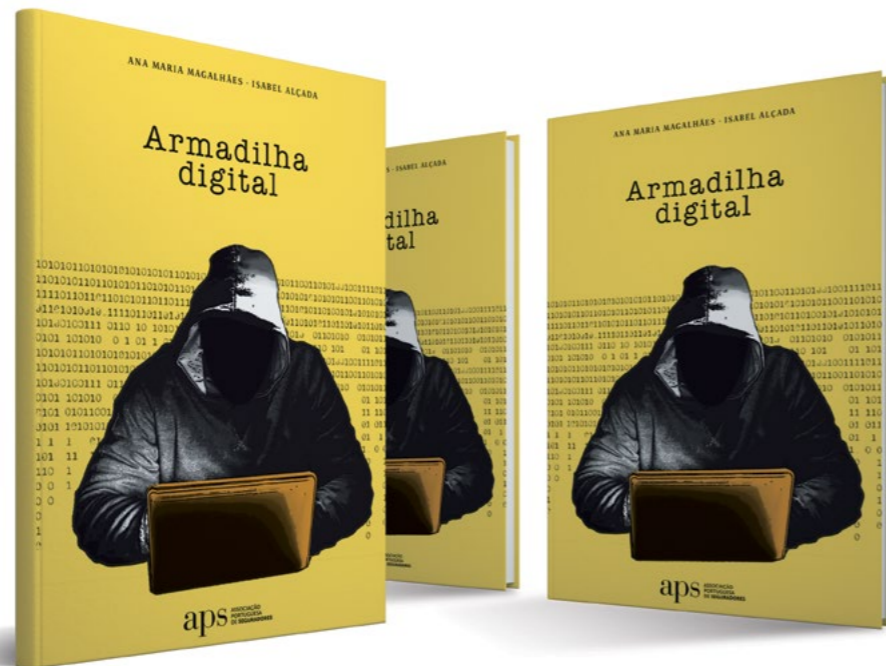
Thus, and with a focus on awareness of the importance of insurance, a plan was drawn up in conjunction with the APS for the years 2018/2019, with “the underlying concern of setting up innovative activities, playful and pedagogic and encourage creativity”, he stressed. These initiatives are “differentiated”, “entertaining” and “totally focused on the dissemination of insurance knowledge”, says Maria Amélia Cupertino de Miranda.

In addition to assuming the “collaborative form” they wish to be “transformative” since they are aimed at “changing attitudes and behaviours that will minimize risks”, she describes.

The program “in addition to physical support” will also assume a “digital dimension”, thus combining “financial education with digital training”. For the seniors, “there will be other approaches and initiatives”, particularly “training workshops appropriate to this age group,” she emphasizes.

BOOK “DIGITAL TRAP”

THE DANGERS OF OPEN DOORS



Part of the Insurance and Citizenship collection, “Digital Trap” is the fifth literary work by Ana Maria Magalhães and Isabel Alçada.

With the Ventura family in the epicentre of events, the story revolves around the family’s trio: father Abel, owner of a travel agency, daughter Beatriz, a student and Aunt Aline, owner of a ticketing company.

The plot also includes Zé Gonzaga, programmer, Beatriz teacher at the School of Arts where he teaches an extracurricular workshop on programming and Carlos, the “Viking” a long-time friend of the family, specialized in cybersecurity issues and who is the living expression of intelligent people, as described in the book.

There is also Inês Patrícia, insurance intermediary of the travel agency Venturina owned by Abel.

The narrative begins in a street cafe of a tapas bar with minimalist decoration called Barcelona and the geographical location serves as the gateway to a story that includes innocent sharing of private data on daily life with someone who, at first, seems completely unsuspecting.

A simple trip to a concert anticipates what will happen further in the book, bringing to the centre of the action anonymous characters from the cybercrime and

technological crime unit of the Criminal Police and new digital world concepts such as hackers, ransomware, phishing, or malware (virus or malware installation).

Dwelling on the risks and dangers to those who surf the internet – **identity theft, online scams, bank account invasion, cloning of bank cards or copying client files, in the case of companies** – this educational literary work ends under the form of glossary listing the dangers of the Internet plus a list with hacker and cybercriminal tricks used to infiltrate private information systems, companies, public organizations or states.

After reading another adventure written by Isabel Alçada and Ana Maria Magalhães, the authors leave a warning: what matters is to learn the lesson, to be alert, to take double the care in the real world as in the digital sphere.



APS ANNUAL CONFERENCE IS PORTUGAL PREPARED TO RESPOND TO A MAJOR SEISM?

Are we prepared to respond to an average or large size seism or disaster? International experts shared their experiences and the Portuguese insurance sector and presented solutions for the national territory.

Book “Para além das cinzas” (“Beyond the ashes”) presented after the conference “Risk management in the event of a catastrophe”.

Is Portugal prepared to respond to a major seism? Under what conditions will we be able to provide quick and due response in case of an average or large disaster? And if this happens, what solutions are there to protect the main wealth of Portuguese families, e.g. housing?

These and other questions were answered and discussed during the conference “Risk Management in the event of a catastrophe” held on October 30th at Pestana Pousada de Lisboa.

The event of the Portuguese Association of Insurers was attended by international keynote speakers representing reinsurers (Esther Baur, Head Global Partnerships EMEA, Swiss Re), Disaster Funds (Ismet Güngör, General Coordinator of the Turkish Catastrophe Insurance Pool) and Public Commissions (Sid Milller, EQC Chief Executive - Earthquake Commission, New Zealand), international organisations (Charles Baubion, OECD Risk Management Policy Analyst) and representatives of national public entities.

As Portugal is a country with high exposure to seismic risk and does not have a structured solution to respond

to such an eventuality, APS publicly submitted a proposal for a Catastrophic Risk Protection System for the Portuguese market and which was already submitted to the Government.

In the APS model proposed, seismic risk coverage would necessarily be included in fire and multi-hazard insurance. The insurer and reinsurer sectors are available to assume liabilities that can reach €8 billion and the whole system would be managed by a public association owned by the State and insurance companies. The aim is to ensure an effective disaster response system for the country, a system based on risk sharing between international insurers and reinsurers, assisted also by State guarantees.

APS President highlighted that “Portugal does not currently have any protection mechanism” for housing in case of an earthquake, further adding that only 16% of the total housing in Portugal is protected in the event of a seism. The situation is further exacerbated by the fact that 50% of the wealth of Portuguese households is concentrated on housing and considering that the level of savings of the Portuguese population is among the lowest in Europe. This means that, when dwellings are damaged only a few citizens can afford rebuilding it. And it is unlikely that the state will be able to assist them in this rebuilding efforts, given that in case of such an event priority should be to rebuild public goods and services first (airports, hospitals, roads, schools, electricity, water and gas networks).

The 2017 fires highlighted the difficulties that exist in the management of catastrophic situations, and as regards the tragic event that left indelible marks in the country the sector paid damages of around € 300 million, of which €45 million were applied in housing recovery.

After the conference, the book “Beyond the Ashes” was launched and presented, a reminder of the 2017 fires, with texts by journalist Christiana Martins and photography by Rui Duarte Silva.





MEMÓRIA DO SEGURO

EXPOSIÇÃO PERMANENTE

INSURANCE MEMORY IN EXHIBITION

From the royal letters to financial literacy through photographic plates and images of major disasters. From paper to interactive tables please join this journey through the Insurance history in Portugal.

Located in the headquarters of the Portuguese Association of Insurers, on Rua Rodrigo da Fonseca in Lisbon, an exhibition will be inaugurated that tells the living history of insurance in Portugal in a chronological flow between the "Past", "We and Insurance" and "Future Insurance".

The oldest insurance policy that survived until now is a marine insurance taken in Pisa in the year 1343.

In Portugal, an organization was created in the 16th century to handle insurance policies involving Portuguese maritime trade. It was called Casa dos Seguros and operated near Terreiro do Paço. All documentation was lost in the 1755 earthquake that devastated Lisbon.

The first Insurance Treaty in the world was written also by a Portuguese, Pedro de Santarém, in 1552. With the

title Tractatus of Assecurationibus and Sponsionibus Mercatorum, this work has been translated into several languages and is still valid now and always.

The first Portuguese insurer was formed in Lisbon in 1791 and was called Permanente Seguros.

These and other stories will be part of the exhibition's acquis.

This is a true journey through the evolution of insurance, major natural and human disasters, relevant historical documents, personalities that marked the sector and curiosities around this activity and there is also room in this collection for a specific section on financial literacy, press ads, illustrations and informational and institutional material provided by Associates and partners.

APS believes this exhibition open to the community will become a hallmark and will help promoting a greater proximity and awareness among the public in general and, especially, the younger generation, on topics such as financial literacy, risk, disasters and the importance of being safe, and will foster the study and deepening of the insurance issues.

Ruy de Carvalho: the ambassador of the insurance sector in Portugal

Born in Oporto in a family with strong connections to the insurance business, it was only natural that Ruy de Carvalho, president of the Portuguese Association of Insurers for 14 years (1982 to 1997) and currently Honorary President of APS, would embrace this sector when chose his professional career.

He completed a degree in finance from ISCEF - Instituto Superior de Ciências Económicas e Financeiras - in 1956, and one year after an internship in Switzerland on insurance and reinsurance he joined Companhia de Seguros Garantia where he remained until 1975.

At the helm of the National Insurance Institute (INS), he started some of profound changes that took place in the Portuguese insurance industry: the creation of six large insurers, the introduction of compulsory car civil liability insurance, the regulation of insurance intermediation and the modernization and preparation for the accession to the European Economic Community (EEC).

In addition to his regular presence as guest speaker at congresses, seminars, meetings and other initiatives in Portugal and abroad, he is the author of "A Brief History of the Insurance" and "Insurance in Portugal", two books that tell the history of Insurance in Portugal and in the World, launched in a joint edition by Portuguese Mint and Official Printing Office (INCM) and the Portuguese Association of Insurers.

Ruy de Carvalho was one of the most prominent personalities among European leaders and he was also a member of several governing and advisory bodies of a number of international public and private institutions, including the OECD and the Comité Européen des Assurances (CEA).

Outside the insurance sector, he was a member of the Council for the Financial System, which resulted in the preparation of the "White Paper on the Financial System: 1992", of the Securities Market Commission (CMVM), vice-chairman of BPI's Board of Directors, EFACEC, Forum of Business Administrators, Portuguese Foundation "The Community against AIDS", National Institute of Administration and International Chamber of Commerce - Portuguese National Delegation.

For the outstanding work developed on behalf of the insurance sector Ruy de Carvalho received two commendations, both on Commercial Merit: that of Grand Officer, on June 9, 1995, and the Grand Cross, on March 4, 1998.

BEYOND THE ASHES

**Despite the ruins and death,
Where every illusion always ended,
The strength of my dreams is so strong,
That everything is reborn from exaltation
And I am never left empty-handed.**

Sophia de Mello Breyner Andresen, in Obra Poética, | Editorial Caminho, 2010, p. 13.

These words invite you to carefully and slowly flip through "Para além das cinzas, Portugal Seguro" (Beyond the ashes, Safe Portugal), a book with the seal of the Portuguese Association of Insurers, written by Christiana Martins, journalist of "Expresso" newspaper and photographic record by Rui Duarte Silva.



The letters in this book seeks to put pieces together in an account of pain and of the feeling of loss that was there in the faces of those who experienced in first-hand, testimonies and statements of those who were forced to jump to the main stage of these tragic events, either remembering what happened or rebuilding through the ashes. As for the images they are there to convey for all eternity what was lost in two days in 2017: June 18 and October 15.

We speak, of course, of the tragic fires of last year. The first, known as the "Pedrógão Fire", June 18, stretched over a section of 400 meters of a national road – 66 people lost their lives, about 500 houses were destroyed or damaged, 48 companies employing 372 people were affected and 53 thousand hectares of land burned.

Four months later, on October 15th, the death toll was 50. The 523 fires left a trail of destruction on 190,000 hectares spread through eight districts in the central and northern regions, hit about 900 first homes and 500 companies.

The eleventh deadliest fire in the world between 1990 and 2017 and the biggest fire of 2017 in the world, respectively, are still recalled and retained in the collective memory of a country, a memory that the book "Beyond the Ashes" seeks to report on and preserve using the crudeness of the reports by those who faced this tragedy both physically and emotionally.

Using both description and the faithful and personal account of those who are after all the main characters of this narrative, a common thread is established where reason and emotion take centre stage in a tale marked by real-life stories, loss and emotional and material renovation.

Recalling the role of the Portuguese Association of Insurers and its decision to create a Solidarity Fund that embraced the two tragic fires, the author of the book interviewed people, in one way or another, interconnected from a distance with the tragic events.

First of all, José Galamba de Oliveira, president of APS. And also Pedro Romano Martinez, head of the Faculty of Law of the University of Lisbon who was in charge of the Solidarity Fund Management Commission, José Manuel Mendes, PhD in Sociology from the Faculty of Economics at the University of Coimbra who, as coordinator of the Risk Observatory, assisted the population affected by the fire of Pedrógão Grande and João Redondo, Psychiatrist, Coordinator of the Center for the Prevention and Treatment of Psychological Trauma from the Hospital and University Centre of Coimbra (CHUC) who integrated the Monitoring Committee assisting the population affected by the fires that hit the councils of Castanheira de Pera, Figueiró dos Vinhos, Góis, Pampilhosa da Serra, Pedrógão Grande, Penela and Sertã, and Francisco Corte Real, President of the National Institute of Forensic Medicine and Sciences.



THE GENOA BRIDGE ACCIDENT: Industry losses between €400 and 600 million

The collapse of a 200-meter long and 45-meter high section of the Morandi bridge, a viaduct in the city of Genoa, Italy, which killed 43 people on August 14th could cost the insurance industry between €400 and 600 million, according to a note from JP Morgan.

The activation of property damage and loss of profit coverage for the concessionaire, as well as civil liability, life insurance and car insurance, and considering that there may be additional claims for lost profits for the railway line that runs under the bridge, help explaining the numbers

put forward by JP Morgan, which also states that "given the fact that the causes of the accident are not yet known and given of the complexity of the insurance coverage, our estimates of the losses are still being accounted for."

Swiss Re, Allianz and Hannover Re (Talanx) are the insurers and reinsurers companies affected by the tragic accident.

The largest insurance and reinsurance company in the world, Swiss Re, the main insurer of the Morandi bridge and whose client is the concessionaire Autostrade per l'Italia could, according to an estimate by JP Morgan, incur in losses of €70 million. In turn, Allianz's costs reach €50 million and Talanx could incur in losses of €20 million.

CYBERSECURITY SEMINAR

PREVENTION AS THE BEST DEFENCE AGAINST COMPUTER ATTACKS

"I am absolutely convinced that, contrary to what happened in the great battles of the past, which began with large artillery fires and aerial bombardments, the next war will begin with a widespread cyberattack that will destroy military capability... and will cripple critical infrastructures like, for example, electric power networks".

Rear Admiral António Gameiro Marques "borrowed" the phrase from António Guterres, Secretary General of the United Nations and used it in a presentation at the seminar "Cybersecurity and Cyber risks", organized by the Portuguese Association of Insurers.

Drawing on another quotation from another international leader, Jean-Claude Juncker, "cyberattacks may be more dangerous to the stability of democracies or economies than weapons and tanks," António Gameiro Marques of the National Security Authority focused on the issue of how organizations should look at this reality of cybersecurity, be it at the level of the governance model, or investment and allocation of human resources.

Pedro Duarte, president of the Strategic Council of the Digital Economy of CIP, another speaker, claimed that "Data is the new oil" and used numbers to justify this. With "4 billion users, 14.5 million logins on Facebook every 15 minutes, 570 million messages via WhatsApp or 64 million videos on You Tube" the vulnerability is huge, and the first gateway in a simple email. "90% of the intrusion into cybersecurity begins with a phishing email," said Brad Smith, president and chief legal officer of Microsoft.

At a time when reality is beginning to mimic fiction, where attacks are increasingly sophisticated and not limited to being practised by teenagers in the bedroom, but by criminal organizations, states and terrorist groups, prevention is the best medicine, being that organizations must continue to protect themselves from the most common and attacks and at the same time be prepared to deal with advanced and emerging attacks. Because "there are two major types of companies, those who

have been attacked and those who do not yet know that they were attacked," a sentence by James Feyey, former director of the FBI.

APS AWARDS STUDIES ON INSURANCE LAW

Awarding the best studies, dissertation or research on Insurance Law is the purpose of the Protocol signed between the Portuguese Association of Insurers (APS), the Institute of Banking, Stock Exchange and Insurance of the Faculty of Law of the University of Coimbra (BBS) and the Private Law Institute of the Faculty of Law of the University of Lisbon.

Aimed at undergraduates, researchers doing masters degrees, post-graduation and PhDs the Portuguese Association of Insurers will award a prize of three thousand euros (€3000) to each of the universities, for a total of six thousand euros (€6,000 euros).

In addition to the pecuniary prize premium, the authors of the work also benefit from internships in the insurance companies associated of APS.

Relying on an Evaluation Committee formed by three members- a lecturer from each of the participating universities and a representative of the Portuguese Association of Insurers- it will take into account, in addition to the originality and scientific quality of the work, the interest for eventual publication and relevance of the matter for the performance of the insurance activity.

This protocol, which was signed on July 12, 2018, is valid for the 2018/2019 school year and may be renovated.



Luís Poças

PRESIDENT OF THE
"CONDUCT OF BUSINESS"
TECHNICAL COMMITTEE
AND COORDINATOR
OF THE COMPLIANCE
WORKING GROUP OF
THE PORTUGUESE
ASSOCIATION OF
INSURERS

THE GDPR AND INSURANCE

1 - THE (YET) LITTLE KNOWN GDPR

We have all heard of General Data Protection Regulation (GDPR) more than we probably would like in recent months. We were flooded with letters, e-mails and text messages with consent requests and privacy policies from companies we did not even know they existed (let alone that they had our contact information). What is GDPR after all?

The GDPR is a legislative act of the European Union aimed at regulating the processing of personal data and the movement of personal data among member countries. This Regulation was published in April 2016 and became applicable on May 25, 2018 and revoked on this very same date the Directive that previously regulated the matter (no. 95/46/EC, transposed into Portuguese Law by Law no. 67/98, known as the Data Protection Act).

In order to better understand the scope of GDPR, it is important to define personal data. Simply put, we may say that personal data refers to information on an easily identified or identifiable person (data subject). For its part, the GDPR provides a very broad notion of data processing: 'operation or a set of operations carried out based on personal data or on personal data sets, by automated or non-automated means, such as collection, registration, organization, restructuring, preservation, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or any other form of availability, comparison or interconnection, limitation, erasure or destruction' (paragraph 2 of Article 4). For example, take the case when you receive a business card. Just by receiving it (collecting), you are already handling personal data; if you read it (query), too; if you keep it (conservation), the same; if you rip it and throw it in the trash (destruction), the same as well.

In fully detailed and complex 88 pages, 173 recitals and 99 articles GDPR establishes a wide range of privacy protection measures. Data processing follows also a relatively simple logic: (i) the owners of personal data are the natural persons to whom they respect and have legally guaranteed rights over these data; (ii) personal data are entrusted by the owners to entities (designated controllers) exclusively for purposes of treatment determined by them and based on the obligation to inform the owners at all times; (iii) however, personal data can only be processed if there is a reason for such processing according to the relevant purposes and it is up to GDPR to define its lawfulness.

Article 6 establishes the sources of lawfulness under GDPR, including among them owner consent or, alternatively, treatment for one of the following purposes: execution of a contract; compliance with a legal obligation; defence of vital interests of the holder; performance of functions of public interest or exercise of public authority; or legitimate interests of the person responsible. Thus, for example, Paragraph 1 (b) states that treatment is lawful if necessary, for the fulfilment of a contract of which the data subject is a party thereof. Therefore, if the reader takes a fire insurance on his

dwelling, he must be informed that his address details are necessary for the fulfilment of that contract and that such treatment is lawful as it is covered by this provision.

However, there are special data categories that deserve increased protection by the GDPR. Data 'revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership [...] genetic data, biometric data that identify someone unequivocally, data on the health [...] sexual life or sexual orientation of a person (nr. 1, Article 9 of GDPR). As regards these categories of data, the sources of lawfulness – provided for in Article 9 of the GDPR – are more restricted than those applicable to other personal data, not including, among them, the need for treatment for the execution of a contract. Is the treatment of health-related data by the insurer for the management of an insurance contract unlawful?

2 - INSURANCE AND TREATMENT OF HEALTHCARE DATA

It is easy to understand that, in order to comply with certain insurance contracts, the insurer can not fail to treat health-related data. Thus, in an accident claim involving car civil liability in which there are injured with bodily injuries, the insurer has to know the severity of such damages, for example, by accessing clinical reports. The same happens with work accidents claims. In these examples, which relate to compulsory insurance, the treatment of health-related data is legitimized by Article 9 (2) (b) of the GDPR, ('treatment... necessary to meet the duties [...] on social protection [...] legislation').

The problem is not, therefore, compulsory insurance, but rather medical insurance, and in particular life insurance, health insurance and personal accident insurance. But why does the insurer need to treat such health-related data as regards these contracts? This need arises in two particular moments. As soon as the contract is signed. At this stage, the insurer has to analyse at least the answers contained in the questionnaire on the situation and clinical history of the person to be insured in order to assess the risk proposed to him and calculate the corresponding premium (the "price" of insurance).

However, that need also arises at a later date, when the contract is executed and, above all, following an accident. Let us see some examples. In life insurance, higher

capital may be owed in case of death by accident than in case of death by illness. Therefore, when the cause of death is not clear, the insurer may have to access an autopsy report to ascertain the amount to pay to the beneficiaries. In another example, it is normal for health insurance to exclude coverage of conditions prior to the contract. In case of doubt, the insurer may have to access a medical report stating the date when the diagnosis of a given disease was made in order to determine whether it is contractually covered. Also for the regularization of personal accident claims the insurer will have to determine the extent of the bodily injury, in order to ascertain the amount to be compensated. Examples, among many other possibilities, that show how in the aforementioned optional insurances are essential to the insurer to handle health data.

But – one may ask – in the absence of another reason for the treatment of health-related data in optional insurance, the insurer cannot carry out such treatment based on the consent of the owner (acknowledged as a source of lawfulness in paragraph a) of nr. 2 of Article 9)?

3 - THE PROBLEM OF DATA OWNER CONSENT

Consent involves several problems, of course, regarding its particular requirements. The GDPR defines consent as "an express, free, specific, informed and explicit expression of the willingness of the data subject to accept, through a statement or an unequivocal positive act, that the personal data relating to him will be processed". Since the processing of health-related data is necessary for the execution of certain insurance contracts, if the owner refuses to authorise the processing of such data, the insurer will be unable to sign the contract. However, once consent has been obtained in these terms – without consent there is no insurance – it can be questioned whether it is effectively free (as required by the GDPR).

Also, with regard to the requirement of the specificity of consent, the Portuguese Data Protection Authority (CNPD) states that this means a "concrete factual contextualization, precise chronological timing and [...] determined operation, as individualized as possible" (Resolution Nr. 72/2006). Given that consent is obtained when the contract is signed but the processing of health data is only carried out at a later date (which may occur many years later), depending on a possible event whose circumstances are unforeseeable at the outset, the requirement of specificity is a logical and practical

impossibility. Otherwise (that is, if the concrete factual contextualization of the accident was known at the beginning), then there would be no insurance.

But the difficulties do not end here. One of the corollaries of the freedom of consent is the right of the owner to remove this consent at all times (Article 7 (4) of the GDPR). Well, considering that the processing of health data is necessary for the execution of an insurance contract, the person to be insured cannot express consent at the time of the subscription and later revoke it, thus preventing the insurer from performing the contract. This would be aggravated by a subsequent step, also provided for in the GDPR (Article 17 (1) (b)): the right of the owner to erase the data ("right to be forgotten").

Moreover, if consent for the processing of health-related in voluntary insurance is required, recital 171 of the GDPR may result in the requirement to obtain new consent (previously collected or not, in light of the amended legislation) regarding insurance contracts in force. Bearing in mind the practical difficulties of obtaining such data – not least because, as mentioned above, the lack of response from the data subject corresponds to a denial of consent – the said obligation to renew consent for such treatment would make it impossible to execute a very significant proportion of insurance contracts.

4 – THE CURRENT SITUATION

Now that we got here we have to take stock of what we said above. Thus, making a literal interpretation of the GDPR we may say that in the case of voluntary insurance (in particular life insurance, health insurance and personal accident insurance), there is, aside from beyond consent, no other legal reason for the treatment of health-related data by the insurer. On the other hand, the use of consent as a source of lawfulness for such treatment is also impracticable and causing a number of problems. The Portuguese Association of Insurers (APS) has been drawing attention to this legislation gap, namely in the media, as well as the political community.

What is the solution? A bill is under preparation in the Parliament to ensure the implementation of the GDPR in the Portuguese legal system and we hope that it will be approved as soon as the parliamentary works are resumed after the summer break. Regarding the corresponding bill, the CNPD issued its Opinion nr. 20/2018, expressing concern about this gap, considering that, on the matter of insurance, "it is imperative that national law should not only focus on the subject of health-re-

lated data, but also its regime, including the necessary limits and security measures and mitigation of its impact on the rights of data holders".

The circumstances impose wisdom and insight, expected from the legislator, to prevent insurers, as lacking a legal solution, from being able to process health-related data and, by thus, to ensure the socially relevant welfare function that is inherent to the insurance business.

HOW ARTIFICIAL INTELLIGENCE CAN CHANGE YOUR LIFE

I just signed up for an online course, under the umbrella of the renowned MIT (Massachusetts Institute of Technology), on "How Artificial Intelligence Can Change Your Business."

Yes, I am a journalist, but I am absolutely convinced that Artificial Intelligence (AI) will have a profound impact also in this area.

We are facing a revolution that has the potential to generate even greater impact than the invention of electricity. Indeed, when Thomas Edison "invented" the production of electricity his intention was to respond to a specific problem: the improvement of night-lighting in New York, which was directly associated with a brutal increase in violence. Neither Edison nor anyone could have imagined the diversity of machines that, by harnessing the source of electric power, would end up radically transforming all human activities.

The current development of technology leads many people, including myself, to believe that as incredible as it may seem, the next step will be of greater impact than electricity.

Device proliferation, improved latency of networks bringing all circuits together in absolute real-time operations and "machine learning" have created artificial intelligence mechanisms that are improving their computing power at an astonishing speed. This makes us to believe that autonomous driving cars will be incomparably better drivers than humans; that all enquiry and support activities (contact centres) will be more efficient if they are operated by bots (language and interaction robots); that the safety of a robotic surgeon will be more accurate than the firmest human hand; and that practically all activities currently carried out by humans are best performed by AI "systems".

In such a world there will be fewer mistakes, accidents and disasters. But they will be cataclysmic: a protocol failure or a code error in a computer program could affect millions of people and their lives. Who can protect us from these scenarios of massive consequences? How to protect goods and lives increasingly in the hands of "invisible" processors and software? How will we reorganize our whole society and economy in a world marked by lower levels of "human failure" and "accidents"?

All areas, including insurance, are about to face challenges from a totally unfamiliar world. AI will change our lives, no doubt. And probably also our death.



José Alberto de Carvalho

JOURNALIST



Paulo Ferreira

JOURNALIST

FINANCIAL LITERACY, ONE OF THE FEW FREE LUNCHES

What is the economic and social cost of the low financial literacy of the Portuguese people? What's the cost for companies? How does it interfere with the creation of product portfolios, financial innovation, organization of the institutions' means and even the loyal and dynamic competition between operators?

We cannot, of course, accurately quantify these figures but there are three things we do know: this cost is there and represents a setback taking into account the economic and social development of Portugal.

The financial sector in general and the insurance sector in particular, given the nature of their activities, are certainly at the forefront of the impact of low financial literacy.

Only two figures contained in the "Survey on Financial Literacy of the Portuguese Population", conducted in 2015 by the initiative "Todos Contam" of the National Financial Literacy Plan: 77% of the respondents say that they only have insurance to comply with legal obligations – essentially car, housing and life insurance associated with mortgages, we assume – and 53% say they have never taken any kind of insurance.

This should come as no surprise. People tend to buy or invest only in products they understand and avoid anything that is complicated, beyond their understanding, and whose benefits and risks they cannot reasonably judge and reassure them.

There is a clear potential for all – companies, consumers and savers – if we raise the average level of understanding as regards the workings of the economy, finance and investment options, credit, savings and risk coverage.

The financial sector is well aware of this and has strived to launch actions in the field that seek to contribute to promoting the financial knowledge of some sectors of the population.

But this effort is still embryonic and should be strengthened. This should be a national goal, led by the financial sector. And if we don't talk about it fairly often, then it's because it's not happening or it's not being effective.

Today it is relatively easy and affordable to reach the general population. The younger generations have a great deal of knowledge, are well informed and they have fun using electronic platforms. You have to go to them where they are. And you must do it in the formats they like, using the language they understand, and via personalities they follow and who influence them.

The opportunity is there. It requires agility, some means, abandoning more institutional positions and a lot of creativity. This is an investment that, in the long run, will bring a return for all. In the economy there are not many free lunches left. This may be one of them.



Fundação
Dr. António
Cupertino
de Miranda

Museu
do Papel
Moeda

UMA FUNDAÇÃO SOCIALMENTE RELEVANTE



<http://www.facm.pt>

aps PORTUGUESE
ASSOCIATION
OF INSURERS