

Transporters' association demands authorities an investigation on liability insurance market

The Confederation of Authorized Operators and Hauliers of Romania (COTAR) asks the state institutions to investigate the liability insurance market (RCA) in Romania, which, according to the organization, has become a big social problem affecting over 8 million Romanians, reads a press release of the Confederation, sent on Tuesday to AGERPRES.

"We have been witnessing, for a month now, the biggest bankruptcy in history, on the insurance market in Romania, an irrational increase in RCA's prices and an increasingly abusive conduct of insurance companies, when it comes to the payment of compensations. On top of these problems overlap those related to the huge increase in energy costs - natural gas and electricity - just like the evolution of the RCA in recent weeks. The question posed by any captive citizen of this country, forced to buy these products and who pays taxes and duties, in the hope that the Romanian institutions are working to protect their interests: ANRE (National Energy Regulation Authority), DNA (National Anti-corruption Directorate), the Competition Council and the National Office for Preventing and Combating Money Laundering: they're lamentably failed! Romania is going through the steepest crisis of the dissolution of the authorities in history," said Vasile Stefanescu, chair of COTAR.

According to the COTAR press release, the institutions that have ignored this problem so far - the Government, the Competition Council, the National Anti-corruption Directorate, the National Office for Preventing and Combating Money Laundering - are responsible for the disaster in the RCA insurance market in Romania.

"The ASF (Financial Surveillance Authority) report on the insurance market for the first half of 2021 shows, on page 44, an important aspect to distinguish the truth through the swamp of press releases transmitted by the insurance companies. 'The average RCA damage paid for property damage increased by about 2 pct.' The rhetoric of the insurers, joined by their friends on the Competition Council, is that service rates must be limited to stop the explosion of repair prices. The explosion of car repair price has been 2 pct in the last year, which is 3 times lower than the annual inflation rate and 50 times lower than the increase in the RCA price in recent weeks. In relation to the RCA market, we notice an accomplice silence, extremely worrying, of the Romanian authorities. In 2009, the Insurance Supervisory Commission (CSA) officially communicated that 'only 10 pct of the drivers who conclude RCA policies are involved in car accidents'. A week ago, the Union of Insurers announced: 'Annually, out of every 20 cars registered in Romania, at least one produces traffic accidents resulting in material damage or bodily injury and deaths.' This means that 5 pct of the Romanian drivers cause accidents. What the insurance multinationals never say, because the Romanians' finding out the truth seriously gives rise to their business, is that the frequency of the damage is decreasing from year to year," notes COTAR.

The calculations made by the representatives of the authorized operators and hauliers show that the share of the drivers involved in accidents decreased, in the last 12 years, by 50 pct, and the average RCA damage recorded at the level of the first semester of this year was of 7,832 lei.

Moreover, the average RCA premium estimated for October 2021 amounts to 1,100 lei, at a damage frequency of 5 pct.

According to the statements published in October 2021 by Euroins, the largest RCA insurer in Romania at this time, cited by COTAR, in the first nine months of this year the insurer would have paid approximately 150 million lei in compensation (RCA + CASCO) (CASCO is the vocational car insurance, in addition to RCA) which means 16.6 million lei in compensations per month or 200 million lei per year.

"Euroins received in 2020 premiums worth over 1.4 billion lei, and the compensations estimated to be paid reach 200 million lei / year, id est 15 pct of the receipts. This means that only 15 pct of Euroins' revenues are destined to pay for repairs to car repair shops. However, we note the following anomalies: compensation is not paid within the legal term; the RCA's share has risen by over 100 pct in recent weeks; the largest insurance company in Romania has taken out its money for years through reinsurance contracts of 90 pct of the value of premiums received through companies located in the Barbados Islands, and after having filled up, it entered the bankruptcy procedure, following that all the suppliers to pay contributions to the Insurance Guarantee Fund, so that the insured drivers at that insurance company can be compensated," the carriers said.

In this context, COTAR publicly requests the Romanian authorities to thoroughly verify the operations carried out by Euroins company in Romania, both by the ASF, DNA and by the National Office for preventing and combating Money Laundering. There are information that Euroins has adopted the same practices as City Insurance, the criminal liability of all the guilty persons who contributed to the bankruptcy of City Insurance, as well as the urgent involvement of the ASF and the Competition Council to stop the irrational increase in RCA's share of the RCA, which directly affects over 8 million Romanian drivers.