

CMS | Romania extends motor third-party liability insurance premium cap until 31 March 2025



On 18 December 2024, the Romanian government approved Decision no. 1667 to re-extend the application period for the maximum premium of motor third-party liability (MTPL) insurance, this time until 31 March 2025.

As previously reported, on 28 February 2023 the cap was set for the level of premium rates that could be charged by MTPL insurers. These premium rates may be adjusted by a maximum of 6.8%. Maximum premium rates are set for bonus/malus class B0. Commissions on insurance distribution of MTPL policies remain capped at a maximum of 8% of the net premium distribution expense.

The decision to extend the cap resulted from the following:

- concerns over the reluctance of insurers to cover certain categories of risks;
- high market concentration, which affects competition;
- vulnerability both in terms of exposure by classes of insurance and in terms of the significant market share held by a relatively small number of insurers showing a weak competition; and
- the large number of high-risk insureds in whole risk categories and the increase of the insured in this category.

While Romanian government intervention in a free market is intended to overcome the current difficulties, this intervention may trigger certain competition concerns.

For more information on the new legislative amendment and the insurance legal framework in general, contact your CMS client partner and local CMS experts: **Cristina Popescu** and **Florentin Giurgea**.