

# Insurance & Citizenship

SUSTAINABILITY





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**04.** EDITORIAL - ALEXANDRA QUEIROZ, DIRECTOR GENERAL OF APS

## 01. INSTITUTIONAL

**06.** ASSOCIATED MEMBER: 25 YEARS OF CA SEGUROS

**10.** ONE QUESTION TO THE PRESIDENTS OF APS' TECHNICAL COMMITTEES

## 02. HIGHLIGHTS

**21.** INTERVIEW TO SOFIA SANTOS, COORDINATOR OF THE "PORTUGUESE THINK TANK GROUP ON SUSTAINABLE FINANCE"

**26.** ENVIRONMENTAL LIABILITY AND INSURANCE

**30.** SUSTAINABILITY AND INSURANCES AT AN EUROPEAN LEVEL – FROM VISION TO PRACTICE

**32.** COMPULSORY INSURANCES

## 03. INSURANCE IN NUMBERS

**35.** INSURANCE IN NUMBERS

## 04. FINANCIAL EDUCATION

**36.** "ALERTA MÁXIMO" BOOK LAUNCH

**37.** APS AND DR. ANTÓNIO CUPERTINO DE MIRANDA FOUNDATION PARTNERSHIP: APS SPECIAL AWARD FOR BEST WORK ON INSURANCE

## 05. NEWS

**38.** "LEI DA DISTRIBUIÇÃO DE SEGUROS ANOTADA" BOOK LAUNCH

**38.** MAIN EVENTS OF THE INSURANCE SECTOR

**39.** GREEN CARD

**39.** NEW LEGISLATION RELATED WITH INVOICING OBLIGATIONS FOR INSURERS

**40.** THE NEW EUROPEAN COMMISSIONERS

## 06. OPINION

**42.** JAIME NOGUEIRA PINTO – HISTORIAN

**43.** DANIEL TRAÇA – DEAN OF NOVA SBE

# Insurance & Citizenship



*“Si un problème a une solution, alors il est inutile de s’en inquiéter; s’il n’en a pas, s’inquiéter n’y changera rien.”*

There is a wise Tibetan proverb that says “If there is a solution to a problem, it is useless to worry about it; if he does not have one, worrying will not change anything”.

We brought this proverb up given the number of issues on the agenda and for which we want to believe there is a solution. And if there is a solution then we don’t have to worry, but rather focus on finding the solution and, above all, on the means to implement it.

I’m referring to issues such as climate change or sustainable investment on the one hand, and the law implementing the general data protection regulation, on the other, along with many others.

In the first case, it is worth mentioning that according

to Mark Carney, Governor of the Bank of England “since 1980 the number of weather-related losses has tripled; Insurers’ losses have increased from an annual average of \$10 billion to \$50 billion in the last decade.” Also the European Commission’s Action Plan to Fund Sustainable Growth states that “between 2000 and 2016, global climate-related disasters increased by 46% annually, while economic losses as a result of extreme weather worldwide increased 86% between 2007 and 2016.

There is clearly a problem here. The paths towards a solution or, at least, towards a mitigation have been broadly outlined. But we all must do our part. And the financial sector is now being called upon to help solving the problem by incorporating in its investment

policies and product design the right incentives to meet objective of carbon neutrality in order to motivate businesses and citizens to adopt increasingly efficient and lower-CO<sub>2</sub> processes and behaviours.

APS has already signed the “Letter of Commitment for Sustainable Funding in Portugal”.

In the second case, e.g., the General Data Protection Regulation, we also seem to be facing a problem given that Law 58/2019 doesn’t provide for regulation of issues related to the handling of sensitive data by insurance companies.

But the President of the Portuguese Data Protection Authority, CNPD, in an interview published in the media on May 22, 2019, stated that “there is not enough legal basis in the regulation to legitimise the processing of healthcare data by insurers without the insured’s consent”, adding that the fact that insurers ask consent from their customers is “is neither pertinent nor legally relevant.”

Hence, it’s urgent and important to find a solution to this real and serious problem, a solution that protects the relevant rights and is both balanced and feasible.

In the remaining European Union countries where data protection regulation also applies, solutions have been implemented to include insurance companies operations in these areas and no significant difficulties or doubts came up.

APS and its Associates have therefore been working towards this particular solution. But to this end, the involvement of regulators and supervisors is paramount.

If there was no solution, worrying wouldn’t solve a thing.

But if there is indeed one, and to avoid major concerns, all insurers, legislators and regulators must engage in the definition and implementation of a solution in order to avoid added uncertainty, insecurity and complexity for insurance companies established in Portugal and for citizens, policyholders and/or beneficiaries of contracts entered into with them.

Enjoy the reading!



**Alexandra  
Queiroz**

DIRECTOR GENERAL  
APS



**João Pedro Borges**  
CEO OF CA SEGUROS

## ASSOCIATED MEMBER

*CA Seguros: "The values of proximity and trust, and our Employees, are the Company's main assets"*

**Crédito Agrícola Seguros celebrates 25 years this year. It began as Rural Seguros, years later dropped the name Rural and took the name of the cooperative financial group belongs to. It's the non-life insurer of the Crédito Agrícola Group, with a strong connection with local populations. CA Seguros is committed to the quality of its products and services in order not to undermine the expectations of its customers and the trust they place in Crédito Agrícola. The Company has received multiple external awards, with particular emphasis on human resource management.**

João Pedro Borges has been with Crédito Agrícola Seguros (CA Seguros) since it was established. "I am part of year 0 and among the three or four people who have been here since the first administration in 1995," recalls the current Chairman of the Board of Directors of this insurer, which "formally" celebrates the 25th anniversary in December. "Formally established in 1994, commercial activity began a year later," he recalls.

### FROM RURAL SEGUROS TO CA SEGUROS

At the time, Rural Seguros was the given name of the Insurer in non-life branches. The life insurance company – CA Vida – was "created three years later by Rural Seguros, in partnership with the Dutch insurer Interpolis," he explains. "When we have an insurer associated with a banking network (Crédito Agrícola) it makes

perfect sense to use the name of the bank. In the case of CA Vida, we did it right from its inception," he recalls.

For the CEO of CA Seguros, the Rural designation "could be misleading". It was an insurer "created in the context of Crédito Agrícola, under a bank insurance logic. It was born with the objective of selling "only in CA branches", which is still the Insurer's business model, but "we were never an exclusive company in agricultural insurance", he makes a point of explaining. "Of course, given that we belonged to a bank that is closely linked to the primary sector, we had to have solutions for farmers. And we have always been there, practically since the beginning of our activity," he highlights. "Agricultural insurance was very important in the first phase of the Company," however, today "it represents about 5% of total revenues, which is about 130 million euros. It's an area we want to be in, and where we lead in product innovation, but it's far from being our core today," he adds.

In 2006, Crédito Agrícola Group began to standardize the companies' names. Everything that was Rural became CA", he explains. "We changed our name to CA Seguros and we use the same logo of Crédito Agrícola, but with a specific colour on one of the leaves, a bright green, which is ours," he says.

### PROXIMITY AND TRUST ARE THE CORE VALUES

"It's a group close to local populations. People who run the Caixa branches are local people," he describes. "Close reach is an asset of this institution", he highlights. "Products are sold at Crédito Agrícola branches; customers place a great deal of trust in Caixa Agrícola and its staff," says João Pedro Borges, CEO of Crédito Agrícola Seguros. "That's why products have to be very complete and tailored to the protection needs of people and businesses, so they don't feel misled in the event of a claim if it wasn't covered by the insurance policy."

"In most of Caixa Agrícola branches there is an employee taking up the position of Insurance Officer, whose role is to bridge the gap between the Insurer and its Caixa Agrícola. They stand by CA Seguros and by their own Caixa, there are strong personal and professional ties" he assures. Trust and close reach are also valued in the relationship between the Insurer and Caixa Agrícola branches.

"It's a little atypical bank insurance," he says. "We have always sold all types of insurance," he adds, including motor, workmen's compensation, health and property, a list containing over 30 products. "In our portfolio, auto insurance has a weight below the market average.

Occupational Accident Insurance (companies) is the average of other insurers in the market and we have a strong focus on the growth of products in the Healthcare sector, where we have a partnership with Médis for CA Saúde, and a partnership with RNA, for CA CliniCard, both highly successful," he says. "We have grown strongly in the higher margin segments, which means we have also created more value for the Crédito Agrícola Group," he notes.

### PROFESSIONAL BACKGROUND

Pause in the conversation about products and policies. João Pedro Borges, Chairman of the Board of Directors, goes back to the time when he joined the company and when he was in charge of the financial area. "I've always been linked to this area and to planning. Risk management was in my sphere," recalls the manager, who holds a degree in Economics and a master's degree in Monetary and Financial Economics from ISEG - Lisbon School of Economics and Management, where he was a university assistant for several years at the beginning of his career, and where he teaches in the postgraduate course "Banking and Insurance Management". Prior to the Insurer, he worked in banking, the Ministry of Finance and the telecommunications sector.

In 2013, seventeen years after joining the company, "I was invited by the President of Caixa Central, Licínio Pina, to assume the presidency at CA Seguros". Recently appointed for the 2019-2021 triennium, he is in his seventh year as Chairman of the Executive Board of Directors. A Board formed with the Company's "most valuable resources", which includes João Maranga and Mónica Silva, who have also been in the company since its inception. "At some point in our 25-year history, the group looked for managers in the market. This is now a thing of the past. Licínio Pina has this vision that we should bet on who is here, who knows Crédito Agrícola and the business, which led to excellent results, in most of the Group's companies.

### THE IMPORTANCE OF PEOPLE MANAGEMENT

"We are growing," he anticipates, talking about the number of employees standing currently at "around 175". He concedes that there is a low turnover rate, no more than 3 or 4 people leaving the company annually. And "more than half of the Employees have been in the company for more than 10 years. Those who come in feel this is their home and proudly say they work in this Company", he says.

"Managing Human Resources is not just paying salaries. It's managing people. Provide ongoing monitoring and

attention to their needs and help them grow personally and professionally." A company "is essentially people", an asset in which "we have to invest", he emphasizes. This explains "much of this success", he assures.

"This is an activity that, more than others, has decentralised decision-making and empowerment," says João Pedro Borges. "As regards underwriting we have 20 people in charge of both accepting risk and deciding prices. Most policies are accepted in CA branches," he concedes. As regards claims management we have allocated "around 50 people who make decisions regarding claims every day and pay compensation" hence it's "very important to be aligned with the organization's values and objectives," he explains.

It says that there is "a continuous weekly survey with questions sent to the Employees, which allows a continuous monitoring of the various engagement metrics, and the reports generated by the application act as a Company thermometer, measuring the satisfaction and involvement of the employees". At the same time, the twice-yearly employee meetings vary between the dissemination of "corporate information" and team building activities, promoting team spirit and alignment of all.

#### AN INSURER THAT CREATES VALUE FOR THE CA GROUP

He warns that "they don't bet on advertising and direct marketing" and don't "air direct ads on television". The strategy is simple: "The core is Crédito Agrícola. And that's something to be duly explored," he stresses.

It argues that Crédito Agrícola (and the Insurer) are "different" from other financial groups. First of all, because the first one is a cooperative bank. It currently consists of 80 Caixa Agrícola branches. "We had more than 200 at some point. This reduction was the result of mergers." They all are "owners of Caixa Central, in Lisbon", being in charge of "appointing the governing bodies", he explains. He looks back and remembers the early days when insurers, "had to talk to each Caixa Agrícola individually to persuade them to join this project."

"The crushing of the financial margins of banking activity was an opportunity for the growth of insurance activity within the Group," he recalls. From that moment on, Caixa Agrícola "began to realize that we have two insurers that generate value, and greatly increased the commercial dynamics in the sale of insurance", he points out.

"Our business model is based on this: value creation for Caixa Agrícola branches. We were able to have greater

control over the risk underwriting policy accepted by all Caixa branches. We refuse certain deals when premiums are not sufficient for the risks we would accept. And given the risks we accept, and the adequacy of the premiums to those risks, we are able to better remunerate the Group every year and thus maintain a great credibility of Caixa Agrícola branches", he says.

"And that's why we have strong management autonomy within the Group, because we have this credibility. For the past 6 years, each year has been CA Seguros' best year ever. Consecutively. And we hope the same will happen in 2019 as well." "And we couldn't do that without the support of Caixa Agrícola branches and Caixa Central", he adds.

#### THE MILESTONES OF A 25-YEAR STORY

One of the milestones in the short history of this quarter-century old insurance company is the IT system according to João Pedro Borges. It was a "bold decision, right at the beginning of our activity". The year in which we "reached break even was 2004", the moment from which they begin to systematically present "positive results" and when the investment "got paid and diluted", followed by a period of sustained growth and increase in the value created for the CA Group.

In 2006, we changed the name of the Company from Rural Seguros to CA Seguros.

Leaping to 2011, he highlights the quality certification ISO 9001, another highlight "given the path followed to get there and not so much the certification seal", he attests. "This forced us to rethink many things. The organizational structure focused on product areas that performed all operational processes as regards their products." He provides an example: "We became aware that we had four different claims management processes in the four product areas. This led to a reorientation of the organisational structure of processes and we now have an area that handles almost all claims, with minor exceptions. We are always aware of the logic of continuous improvement, we are always thinking how processes, products and services can be improved", he describes.

Finally, in 2012, we moved to the building on Rua de Campolide, Lisbon, where the conversation took place, "a modern building, with excellent working conditions and easy accessibility".



#### THE MANY EXTERNAL AWARDS

CA Seguros currently has about 175 employees, 58% female and 42% male. The average age is around 40 years. And more than half hold a degree. "Customers are currently around 380,000 and we have just over 700,000 policies in force," he says.

"The major asset is the trust of Customers in Crédito Agrícola. The Insurer cannot sell bad products or provide a bad service in case of a claim as this may question trust" says João Pedro. "We don't have low cost solutions, we bet on quality", he guarantees. And "we have very few complaints," he says. And we have been acknowledged with "repeated awards".

CA Seguros has been elected 7 times in the last 10 years by Exame Magazine as the best non-life insurer in its segment. Banking & Insurance awards assess the companies' economic performance and financial soundness, with awards given based on annual studies conducted by Exame magazine, in partnership with Deloitte and Informa D&B.

It was awarded with the leading non-life customer satisfaction insurer award in 2018 and 2019, according to the European Consumer Satisfaction Index (ECSI 2018 - <http://www.ecsiportugal.pt/>),

which measures the degree of Customer satisfaction in various industries, including insurance. In the area of human resources management, the company has received multiple awards.

In 2017, 2018 and 2019, it was awarded as the best company to work in the banking, insurance and financial services sector, an initiative promoted by Exame Magazine, in partnership with Everis consultant and AESE Business School ([www.mept.pt](http://www.mept.pt)).

It has been acknowledged as a leading company in the 2018 Excellence Index ([www.indicedaexcelencia.com](http://www.indicedaexcelencia.com)), ranked first in the banking, insurance and financial services sector and secured a position among the top 10 medium-sized companies, an index developed by Neves de Almeida / HR Consulting, in partnership with Human Resources Portugal, Executive Digest and INDEG-ISCTE.

At the same time, it was also honoured by the Women in Business Association with the Friendly Company Award for having implemented good practices towards creating organisational atmosphere that invites more women to apply for top and decision-making positions.



## INTERVIEW

Seguros & Cidadania inquired the different Technical Committees about the challenges and opportunities faced individually in the next three-year period.

Each person expressed his/her wishes and desires, anxieties and fears, suggestions, questions, requests for change and paths established within the legislative and regulatory framework.

### João Barata

PRESIDENT OF THE WORKERS' COMPENSATION TECHNICAL COMMITTEE

The need to update and adjust the legal regime of Workers' Compensation will remain at the heart of the concerns of this Technical Committee. In parallel, some other projects also deserve due attention.

**1/ Workers' Compensation regime:** insist on the need to amend the Workers' Act (LAT) and other related diplomas, monitoring and intervening in the political and legislative initiatives that may generate opportunities. The main objectives of the sector currently focus on:

/ Simplification of remuneration communications;

/ Optional simplified claim procedure: propose that, by agreement of the relevant parties, part of the claims involving permanent disabilities be settled out of court;

/ Compensation for temporary disabilities: adoption of an imperative general clause to avoid that, in the event of temporary disability, the victim may receive compensation higher than the previous net remuneration;

/ Review of permanent disabilities: propose the return to the 10-year deadline from the date of the first medical decision stating that the clinical situation of the injured person is stable or consolidated;

/ Multi-employment: fill the gap in legislation that currently doesn't provide for the repair of a workers' compensation in the particular case of a multi-employment worker;

/ Increase in payments incurred by individuals with permanent disabilities after the age of 50: to defend the modification of TNI (National Disability Table) by eliminating the age reference in provisions pertaining to the subsidies according to the disability coefficient;

/ Workers' Compensation Fund (FAT) legal regime: resume the process of legislative amendment of the FAT legal framework in order to allow insurers to be reimbursed for having updated disability pensions below 30% with an amount six times the minimum guaranteed return.

**2/ Electronic Workers' Compensation Reporting (PAT):** encourage its use by smaller companies and self-employed workers. Promote an overall assessment of the system and develop statistical analyses of claims.

**3/ Workers' Compensation regime of professional sports players:** insist on the amendment of the compensation regime of injuries resulting from workers' compensation suffered by professional sports players.

**4/ Workers' Compensation Database (BDAT):** consolidate and help implementing the future access and cost model of this database managed by Segurnet.



**5. Occupational diseases:** continue its respective assessment, taking into account that the boundary as regards “workers’ compensation” is sometimes blurred and difficult to outline. The aim is to understand its reality, size, numbers and operation by drawing comparisons with Member States in the European Union.



**José Alvarez Quintero**  
PRESIDENT OF THE MOTOR BRANCH TECHNICAL COMMITTEE

Motor branch management in Portugal shows probably one of the highest levels of efficiency and consumer satisfaction in European Union countries. The IDS convention (Direct Insured Compensation), CIDS and pileups, sectorial applications (Hospital Bills, National Car Number Plate File) and arbitration dispute settlement (Claims Settlement Convention and CIMPAS), together with a very demanding legislation in terms of both deadlines and responsibilities of insurers as regards settling claims has contributed positively to this result.

However, the Decree-Law that adapted the 5th Directive to domestic law (DL 291/2007) and Ordinance 377/2008 (later updated by 679/2009), which supplemented it for personal injury compensation, has not yet been amended, although its regular update was planned.

It will be the priority objective of the Technical Committee to make every effort to ensure that this review is carried out, in particular within the scope of criteria setting compensation for death and disability. The passing of time may have rendered some benchmarks out-dated, but the Council established to define the criteria to ascertain compensation for the 2017 fires compensation, albeit enshrining many of the criteria contained in the aforementioned ordinances, has implemented relevant changes in the calculation values and parameters.

It will be necessary to find reference values that render it easy, as it has happened until now, to reach out of court agreements both compatible and in line with the prices of compulsory liability insurance.

At a time when road accidents are on the rise, Prevention should deserve particular attention, e.g. in order to fully understand the main causes of accident rate and the reasons that move us further away from the rates in safer countries.

Finally, like in most advanced societies, attention should be paid to the possible extension of the levels of protection for victims of road accidents, in particular those, which have until now been excluded from insurance, such as drivers who may be considered responsible for accidents.

**António Bico**  
PRESIDENT OF THE CONDUCT OF BUSINESS TECHNICAL COMMITTEE



**General Data Protection Regulation:** in the legislative field, Law 120/XIII/3rd, which ensures the implementation in the domestic law of Regulation 2016/679 (GDPR), has already been voted in Parliament, but some duly identified problems during the legislative process remain (e.g. the handling of health and genetic data and the renewal of consent) and which cause legal uncertainty in insurance activity. Given this lack of an appropriate framework, it is important to continue contacts with official entities, sharing this sector’s concerns and reflecting together on how best to address this issue. In the field of self-regulation, preparation of a sectorial working document, in the form of “guidelines”, is in the final stage and may be useful in the sector and taken as a reference as regards best practices in the field of GDPR.

**Insurance Distribution:** on January 16, 2019, the Legal Regime for the Distribution of Insurance and Reinsurance was published and contained in Law 7/2019. Matters set forth in Law 7/2019 that require regulation should be closely monitored within in the context of the Market Conduct Technical Committee.

**CIMPAS:** insurers appointed the CIMPAS interlocutors and it’s important to boost the adhesion of the sector and promote the participation of the Centre in a meeting of the Conduct of Business Technical Committee in order to state and prove the advantages of the adhesion of insurers to CIMPAS.

**APS JURIS:** The development of the APS resident case law database will continue with court decisions involving insurance.

**Identification of gold-plating and its impact:** a possible activity of interest to be considered by the Associates will be the lifting of gold-plating or additional requirements and to focus on the options by the national legislator when it comes to implement Community directives which sometimes creates additional obligations for operators and, ultimately compromises the uniformity sought by Community law. After the survey, in the legal regimes where this is considered relevant, renegotiation of this type of options should be considered and debated with the relevant entities in order to relieve insurers of excessive or unnecessary administrative obligations or burdens.

**“Insurer Inquiry System” Project:** considering the importance of having an insurer inquiry system and the industry’s effort to obtain the necessary support to carry out this project, based on the systematization of the Associates’ arguments on the acceptance of proposed system and in the outline of a Protocol for its regulation, it was possible to make thus project feasible, confining it at this early stage to the exchange of information on processes in the Car sector.

A first draft of the Protocol is currently being developed, based on the previous outlines, with a very specific concern as to placing this system

under the GDPR umbrella. This proposal will be reviewed by the insurers that make up the work team, desirably in collaboration with their Data Protection Officers and Compliancy areas.

**Relationship with law enforcement and car criminality:** in the context of relations with law enforcement authorities regarding insurance fraud, the intention is to continue the rapprochement between the insurers and the Portuguese National Police Authority Criminal Investigation Department, with a view to complying with the Protocol established between these two entities, specifically as regards car criminality.

This collaboration between the insurance industry and the Portuguese Police Authority Criminal Investigation Department will certainly justify the organization of systematic meetings and, where appropriate, the establishment of other structures to follow up on specific issues.

**Legal framework of the insurance expert:** the existence of legislation regulating access and exercise of insurance industry expertise activity is an aspiration shared by insurers, insurance experts and consumer representatives.

The legal framework for this activity is essential to: i) accredit professionals who work or will work in the insurance sector; ii) harmonize the rules and procedures by these professionals, according to the needs of the insurers and the rights of the insured; iii) qualify these professionals in behavioural and technical terms, both as regards damage assessment and investigation on the circumstances of the claim; iv) ensure due protection of the consumer and respect for his rights; v) enhance the effectiveness of screening and anti-fraud processes, including during the judicial litigation in the course of clarification and presentation of evidence.

The regulatory framework submitted by APS to ASF aims at accommodating the profile of today's expert population and in order not to create disruptions in expertise management. In addition, this theme is addressed in Bill 190 / XIII / 4 - "Creation and regulation of the workings of the National System of Financial Supervision", particularly in the area of insurance, thus proving the importance of certification for these professionals.

**Legislative authorization to set up databases to fight fraud:** legitimising the existence of collective information sharing systems under conditions that comply with the data protection and competition regime is crucial to enable effective risk management and internal control, enhance the full performance of insurance contracts by improving customer service, thereby rendering it easy to comply with legal obligations and preventing and correcting unlawful actions in the insurance business.

In this context, it is important to promote the amendment of Regulatory Standard 10/2009-R of 25-06, on Conduct of Business (includes a specific chapter on Anti-Fraud Policy), as well as the amendment of Law 147/2005, of 09-09 (access and exercise of the insurance and reinsurance activity), to provide for the legal legitimization of the existence of collective

information sharing systems between insurers in strict compliance with the data protection and competition regime.

**João Pedro Borges**  
PRESIDENT OF THE ECONOMY AND FINANCE TECHNICAL COMMITTEE

The major priority will be to enhance the role of APS as a forum for discussion and market support in the areas of expertise of the Technical Committee "Economy and Finance", which are vast and complex areas and lack human resources with specialized profiles that are often scarce in the market.

These are also areas that have their own dynamics and require permanent monitoring. Indeed, the pace of legislative and regulatory production directed at the insurance sector over the past decade has been overwhelming and no significant slowdown is expected over the next three years.

Therefore, it's not difficult to identify topics where deeper technical collaboration between Associates can generate positive synergies for the entire market. The new accounting standard for insurance contracts (IFRS 17) and the amendment of the Solvency II directive are just two good examples of this.

In this context, efforts will be made to continue the work carried out so far by APS, both with the production of documentation and other tools to support the Associates, and through the organization of awareness actions and training on relevant subjects.

Last but not least, priority will also be given to deepening the relationship and collaboration with the regulatory and supervisory authorities, in particular the ASF and the Tax Authority, which are undoubtedly very relevant partners in the areas of activity of the Technical Committee.

**José Leão**  
PRESIDENT OF THE TECHNICAL COMMITTEE ON CATASTROPHIC RISKS

In light of the climate change we have witnessed an increasing frequency of disaster phenomena in the world and Portugal has been no exception: the insurance industry must therefore play an increasingly important role in building a more resilient and less vulnerable society.

We can closely witness the devastating effect of the June and October 2017 fires and its human, economic, social and environmental repercussions in Portugal.





The penetration rate of insurance in the economy is far below what we want (only 1/3 of insured homes have seismic risk coverage, i.e. we have about 2 million homes with fire insurance but no seismic risk coverage). This means that there is a huge potential for Insurance growth in Portugal but there is also a huge risk in the market if such a disaster would happen in Portugal. People should be more aware of the risks they are taking and know that they can protect their assets simply and effectively through an insurance premium.

Societies where insurance penetration rates are higher tend to recover more quickly from such shocks. But the role of Insurers goes far beyond claims payment. We know how to manage risks well and we can make our contribution in other areas where prevention is key.

In terms of objectives for the 2019-2021 triennium, I would essentially highlight two major objectives:

**1/ Seismic Risk:** recent studies show that there are possible solutions as well as sufficient financial capacity to support a global solution. Thus, it is essential to be able to reach widespread consensus within the insurance industry, government, regulators and consumers in general about the importance of creating a seismic risk protection subsystem in Portugal. The need for compulsory seismic risk insurance for homes (building component) is undoubtedly one of the most important steps to take and should speed up the design of this subsystem.

We should also be able to deliver clear and simple procedures on how the sub-system will work in terms of premium and claims management as well as the possibility of having a "Fund" that will be capitalized with premiums over the years if there are no claims and which should be used only and exclusively if we have a seismic phenomenon in Portugal.

It will also be critical to make progress on how the Reinsurance Policy and Investment Policy will be defined (international reinsurance purchase, rate to be used, reinsurers with ratings ensured by more than one rating agency, have a clear position on whether the State may act as a reinsurer of last resort above a certain exposure value, safe and sound investment policy of withheld funds, etc.).

**2/ Forest Fire Risk:** make a detailed diagnosis/study of the fires that occurred in Portugal in 2017, which areas were burned, which areas are public and private, what type of land was burned, extent of economic and insurable damage, etc. Based on this study and its findings, list a set of initiatives and recommendations aimed at increasing the presence of insurance in this type of risk, better protecting people and their assets.

The Portuguese insurance market is mature enough to address these challenges with confidence.

### **Maria João Sales Luís**

#### **PRESIDENT OF THE HEALTH TECHNICAL COMMITTEE**

The main priorities of the Health Technical Committee for the next three years will be the continuation of the priorities established for the previous three years, which naturally relate to the major sustainability challenges currently facing the health system in Portugal and the health insurance sector in particular.

Namely, longevity and generational imbalance in a system that has been mutually intergenerational; cost escalation related to innovation and chronic diseases; the future impact of ageing-related diseases on insurance portfolios - diseases previously not covered given that there were age permanence limits that were removed; the still existing inefficiencies between insurers and private providers, either from a purely operational point of view or from a contractual relationship perspective, which do not focus on clinical quality but rather on the quantity of clinical acts practiced; digital disruption and its impact on health insurance, in particular as regards access and data handling.

The market study on health insurance in Portugal, carried out in partnership with Universidade Nova and the Portuguese Association of Private Hospitals (APHP) is due to be concluded soon presented to the Portuguese population and to micro companies, as well as the study on the evolution prospects of the current medium and long term insurance model, developed in partnership with Munich Re.

Working groups already established are due to continue this work and focus on issues related to the aforementioned challenges, as well as to create or reformulate one or another group in order to develop new already identified themes, whenever possible in articulation with the APHP.

Finally, it's very important to assess the impact that Portuguese legislation under the European Data Protection Regulation will have on the signing of health insurance contracts.

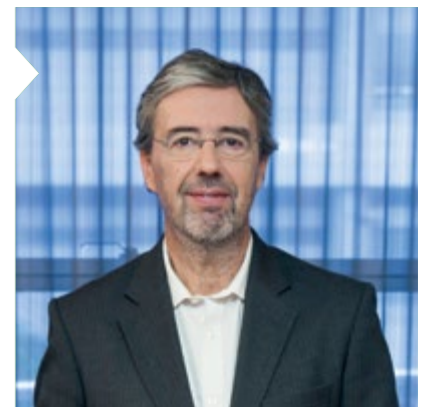
### **Nelson Machado**

#### **PRESIDENT OF THE LIFE TECHNICAL COMMITTEE**

The Life Technical Committee (TC), and all other TCs will not have a closed scope, on the contrary, they will surely incorporate the new challenges posed to the activity of our Industry, through requests from our Associates of legislative scope or out or marked need.

That said, we certainly have an initial set of concerns that we can divide into 3 major themes:

**1/ Related to the need to increase long-term savings in Portugal:** We will follow the launch of the Pan European Pension Product (PEPP) in



our country, the fiscal framework of long-term saving products and the awareness of all stakeholders, for this very important issue for the country;

**2/** Related to the entire legislative and regulatory framework, often in cooperation with other TCs, of which good example is the monitoring of the application of the DSD, GDPR, Solvency rules and IFRS 9 and 17;

**3/** More related to the technical aspects of the Life business, in which we highlight the study on the alignment of the definitions of disability coverage, the protocols with APB, for the transfer of information on the update of life insurance capitals, associated with the Mortgage Loan, with APFIPP for the transfer of RSP and the possible need for a mortality table for the Portuguese population.



**Patrícia Correia**  
PRESIDENT OF THE CRS EXECUTIVE COMMITTEE

The Claims Regularisation Convention is primarily intended to simplify and speed up accident resolution by establishing a set of common principles and rules for signatories (adhering insurance companies) that support a dispute settlement and reimbursement system.

It's up to the CRS Executive Committee to settle disputes related to the enforcement of the Convention, appointing and dismissing arbitrators, analysing its performance and making recommendations on matters that may raise doubts by the signatories or the arbitrators.

Priorities for the 2019-2021 triennium are the increase in the quality of the certified arbitration body ensuring the promotion of continuous training actions that guarantee its permanent theoretical and practical updating. The technical rigor and cross-cutting knowledge of all Protocols part of CRS are the basis for ensuring confidence in arbitration dispute settlement instruments, promoting their extension to all Insurers operating in Portugal.

We will also focus on the preparation of recommendations on matters that may give rise to different interpretations, whether of procedures, skills or technical content, enhancing their uniformity and clarification among all signatories.

We have the renewed commitment to start this new cycle of strengthening relations between Signatories promoting transparency and continuous improvement of the Market.

**Rogério Campos Henriques**  
PRESIDENT OF OPERATIONAL EXECUTIVE COMMITTEE



Segurnet platforms are today a critical tool in insurers' business process management in areas such as automobile, occupational accidents, property or personal insurance. This key role has been expanding over time, involving more and more intervention areas in claims management, risk underwriting and interaction with third parties such as the regulator himself, law enforcement, banking, hospitals or other relevant entities in the area of mobility.

These developments have been made over the years, as these reference platforms have always represented and continue to represent an important added value for the insurance market, created synergies and contributed to an effective improvement of the service provided to customers and society at large, with adequate service levels and at controlled costs.

Therefore, the main mission of this committee during this mandate will be, always in close collaboration with the APS structures and other technical committees, to continue to ensure the operational realization of insurers' business needs and synergies involving collaboration, information sharing and interaction with other entities, effectively and efficiently. This mission is increasingly important in a context of strong digital transformation, with necessary implications for transforming core business processes on the one hand, and improving customer experience throughout the value chain.

In this context, and for the next three years, we see as main priorities:

**1/** Advance the development of some existing platforms and promote the development of new applications in in areas such as:

- / Improvement of fraud control mechanisms;
- / Articulation with police forces, namely, access to police records, etc.;
- / Hospital billing;
- / Articulation with banking in the scope of life insurance Mortgage Loans;
- / Creation of new operational processes with Brisa and Infrastructures of Portugal;
- / Streamlining the operational relationship public entities.

For this, it will always be essential to have a good technical development and implementation capacity, but also a rigorous and very active project management, actively and effectively involving the participating insurers in each project.

# CARTA DE COMPROMISSO PARA O FINANCIAMENTO SUSTENTÁVEL EM PORTUGAL

It is also necessary that, through adequate coordination with the other technical committees and the Board of Directors, the awareness and communication with the insurers' business areas be improved, in order to improve the use of platforms that are already developed at Segurnet and sometimes have a lower than expected degree of use.

**2/ Actively promote operational dialogue with other public and private entities**, in order to expedite legal requirements and procedures that, due to their weight, have added costs for insurers without benefit to the insured.

**3/** On the other hand, following the technological evolution of recent years and the criticality of these platforms, it is assumed that one of the main objectives of this mandate is **to promote the modernization of Segurnet's application platforms**, with the objective of ensuring:

/ a good time to market as regards application development;

/ its stability and an always desirable performance improvement;

/ a high level of security and protection against computer risks;

**4/** Finally, taking into account the expected increase in the functionality of our platforms and also the increasing cost pressures in the technology areas, we seek **to ensure the maintenance of excellent service at controlled costs** for the entire insurance industry.

While the implementation of these priorities will be a very relevant challenge for this committee, I am convinced that with the (indispensable) strong involvement of our industry colleagues and the invaluable (and always present) support of the APS team, we will come through.



Sofia Santos, co-author of the book "The Financial Sector and Sustainable Growth" talks about Sustainable Financing and how banks, insurers and savers can and should adapt to this new paradigm. She advises that Portugal should not stand and wait for rules coming from Europe and should follow what is already being done.

## Sofia Santos

CO-AUTHOR OF THE BOOK "THE FINANCIAL SECTOR AND SUSTAINABLE GROWTH"

### SUSTAINABLE FINANCE. SUSTAINABLE FINANCING. IN RELATION TO OTHER EUROPEAN COUNTRIES, DO WE HAVE A HIGH AND AMBITIOUS GOAL OR IS THIS SOMETHING NEW IN PORTUGAL?

**A:** In Portugal, Sustainable Financing is something new. It's been on the international agenda since the 1990s. Some international banks currently developing this sell financial products and do risk analysis that includes environmental issues. Portugal is taking its first steps. At this level, it falls short of what is being done in Europe.

### INTERESTINGLY, DO WE HAVE DEMANDING TARGETS AS REGARDS CARBON FOOTPRINT?

**A:** These are different things that interconnect. Portugal was the first country in the world to establish the commitment of being carbon neutral in 2050. It's an innovative policy. Today, France, Germany or England and the European Commission itself encourage all Member States towards carbon neutrality by 2050. In Portugal, we have strong environmental policies. And to achieve this neutrality we need investments, supported, in fact and in the vast majority by the private sector, in the grid and in infrastructures or industries wishing to buy cleaner technology, to have cleaner processes and products. We can talk about the car sector, the energy sector, electric cars, more efficient buildings, in short, about companies that invest in technology to have a better product. And we, the consumers, we buy then these more efficient products. We have an ambitious environmental policy and now we need to make the necessary investments for this change.

### THIS IS WHERE THE FINANCIAL SECTOR COMES IN. HAS IT BEEN PROACTIVE?

**A:** This is where the link with the financial sector comes in. Climate change has been identified as a systemic risk for the financial sector and which create several challenges and opportunities. Countries set a trajectory to lower CO2, which implies a number of investments. The next step is: we need the financial sector. Which has to understand the risks and opportunities and make capital available.

### HOW CAN THIS BE ACHIEVED?

**A:** In two ways. To create green financial products and include environmental aspects in the risk analysis itself. That is, when someone analyses a project, such analysis should also include environmental criteria, looking to the future, 10-15 years from now. We do things today that will be banned in 10-15 years.

### LIKE WHAT?

**A:** The issue of plastic. Some productions will cease to exist. Think of some chemicals, diesel and fossil fuels. The near Future will not be like the last 20 years. Today, there are banks that already incorporate these issues into risk analysis. By doing so, they are already filtering projects that might be greener, and by doing so, they are also improving their portfolio risk analysis.

### IN THE INSURANCE INDUSTRY, AS A TRADITIONAL INVESTOR, WHAT INSTRUMENTS ARE THERE TO INVEST IN SUSTAINABLE PROJECTS?

**A:** The insurance industry is the main medium and long-term investor in Funds. And in these mutual funds, assets under management of the so-called sustainable funds have been growing. These are funds whose criteria for choosing companies – stocks and bonds – that are part of the portfolio are criteria that include environmental, social, governance and economic issues. This market has been growing. In Europe today, 51% of assets under management already have some sort of criteria. In many of them the criterion is denial: this fund does not invest in companies whose revenues come from tobacco, for example. There is still a lot of "no". It's the easiest. But there is now the "invest in this company because it has this impact". It's a whole change of conception about what motivates investment.

### HOW DO YOU EVALUATE IF COMPANIES MEET THE SUSTAINABILITY CRITERIA?

**A:** In Portugal we are reactive. We are always waiting for someone to say the magic word. And as the EC has an

action plan to finance sustainable growth and is setting rules, we are thus waiting. But the rest of Europe is not waiting. I mean England, France, the Netherlands, Belgium and Luxembourg. They developed their own concepts. Several fund managers have set their sustainability criteria for the funds and financial products they make available to the market. They create rational environmental, social and governance criteria, and external stakeholders are invited to validate through, for example, sustainable investment committees. Others turn to reputable entities to verify the process and the identified criteria. There is freedom. No need to wait for the rules of the European Commission. But the rest of Europe is not waiting. There are also banks that make green loans available and can do so by finding appropriate indicators.

### THIS IS THE ADVICE DO YOU GIVE. DON'T WAIT.

**A:** Yes, I do. Don't stand waiting. Even if things change in three years it is too bureaucratic and there is still the learning and application process in the relevant Member State. It makes sense to look at what some mutual funds are already doing. And try to follow these guidelines. Otherwise we will lose competitiveness. In Portugal, a company that wants to issue a green bond or invest in sustainable funds it will look for abroad because there's no supply here. The money leaves Portugal. And the later we have this offer, the more capital leaves the country.

### YOU RAISED THE ISSUE OF FOSSILS FUELS. DO WE SEE, FOR EXAMPLE, INSURERS REFUSING TO INSURE THESE RISKS?

**A:** There are international insurers that refuse to insure companies whose sales come from more than 50% of fossil fuels, for example.

### HOW DO WE GET AROUND THAT? BY STIMULI OR WITH IMPOSITION?

**A:** They must change the business model. Companies based on fossil fuels are changing... in 20 years it's good that they have changed the focus of their business.

### BUT THROUGH IMPOSITION OR STIMULUS?

**A:** I would like to believe that through stimuli. On the one hand, through risk analysis, and on the other, the ability to create financial products that stimulate investment and green consumption. When we go to the bank, asking for money is a stimulus to consumption. Or to investment. It has an interest rate. If the interest rate or some tax is less heavy, or the timeframe can be extended without increasing costs for greener products, then the bank is promoting this shift among businesses and consumers.



### REGARDING SAVERS, ARE THEY AWARE OF THIS?

**A:** Many of us have never thought that our savings could be at risk if the bank has a lot of exposure to environmental risks. Savers investing in funds should also begin to know that environmental risks could lead to great losses. Therefore, I advise any savers and investors to better manage their savings' continuity and to ask his/her asset manager to be aware of environmental risks.

### AND TO BET ON GREEN COMPANIES?

**A:** Exactly. I want a portfolio of companies with good environmental performance that shows how they are fighting and anticipating the impacts of climate change.

### PICKING UP ON THE ENVIRONMENTAL ISSUES I ASK. HOW DOES THE PROTECTION GAP COME INTO THIS TOPIC?

**A:** It is the potential risk that remains to be covered. The gap concerns the difference between the risk that is hedged and the risk that is not hedged. There are many environmental risks that are not covered by

insurance. When they do, there is a high probability of no compensation. See the fires, floods, for example. There are many people who have no insurance, and this creates brutal damages to the economy.

### LET'S GO BACK TO THE GREEN ISSUES. I HAVE A GREEN PRODUCT THAT GIVES LESS RETURN THAN A NON-GREEN ONE. WILL I STILL MAKE THIS INVESTMENT?

**A:** You might be doing the maths wrong. Most studies indicate that sustainable funds have a slightly higher than average return. The environmental policies we have will most likely lead to some changes in the tax system. There is talk of the possibility of increasing the carbon rate... and this will benefit those who produce green and will penalize those who produce brown. Therefore, those who said that a green product gives less return are outdated.

### BUT IT'S JUST A TAX INCENTIVE TO RAISE AWARENESS. OR IS IT SOMETHING ELSE?

**A:** Not only. If there is a carbon tax, the industries and

sectors with the greatest carbon footprint will have an additional cost. If they project this cost on the consumer, he will look for a cheaper product. And he/she can bet rather on green. And the point is that green is getting cheaper.

#### COULD YOU PROVIDE AN EXAMPLE?

**A:** Solar technology already pays off. It's more competitive than it was five years ago. An LCD when it came up cost 1500 euros. Three years later, the price was 400. It's the same thing at the technology level, which is scaling, more affordable, hence cheaper. On the other hand, we will have more taxes on who pollutes. The polluter has two incentives: one to do research on the green part, as the brown part is too expensive. It's the stimulus to investigate. And the consumer has the incentive to look for a green alternative.

#### LET'S TALK ABOUT INSURERS. DOES THE GREEN PATH ENTER IN THE EQUATION AS REGARDS, FOR EXAMPLE, THE ADAPTATION TO ELECTRIC CARS?

**A:** We are talking about a structural change in the economy in terms of technology and consumer products. Moving from an economy based on fossil fuels to one based on renewables and electrification implies structural changes in the economy. This change will lead to the emergence of other activities. We still have more fossil fuel powered vehicles, although Portugal is among the European countries where the percentage of new vehicles purchased is hybrid or electric. We are at a somewhat schizophrenic stage where there are some but it's not yet enough.

#### THERE IS GREEN, BUT THERE IS NOT. AND WHAT DOES THAT MEAN?

**A:** In fact, we still have the stimuli to go for brown. We are in the transition phase. We have the policy and the vision, but now effective action is missing, for example at the level of green fiscal policy... we are just starting.

#### HOW CAN WE INCREASE PUBLIC PERCEPTION FOR THESE THEMES?

**A:** Simply by communicating. And publicise. We see it on television every day today. We still need to talk more about the role of the financial sector.

#### THAT IS TO SAY: THIS IS GREEN, NOT JUST A FAD, IS HERE TO STAY?

**A:** It's to evidence the facts clearly, with examples, and

with knowledge. There are many economists who are confused in this and have not yet realized that Green is an opportunity for innovation, not a trade-off between "growth vs. environment". This approach is completely anachronistic. We also need to know that money has an impact. When we go to a bank, or buy insurance, we never think about it. If we start to realize that our money and what we do with it has an environmental impact, then we can start choosing those financial companies with the best environmental investment policies. It's putting money in values. And as we can see today, the "environmental" value is growing rapidly in the general population.

#### IS IT POSSIBLE TO KNOW WHERE BANKS AND INSURERS INVEST?

**A:** Yes, it is. Banks and insurers just need to disclose this information. There is the issue of secrecy in the financial sector, but there are banks that disclose which companies they lend money to. It's enough that, in the deed, companies agree that the bank discloses who lent them money. And an insurer can disclose its environmental, social risk and governance investment policy, and highlight its environmental impact. For that, it just needs to be done with the necessary common sense.

#### WOULD COMMUNICATION OF GREEN SEAL CERTIFICATE SOLVE OR HELP?

**A:** It would help. There are mutual funds, or financial institutions, that create their own range of sustainable financial products, and they can communicate them differently, with a different image. For example, Barclays in the UK has set up the green home loan with a number of real estate companies and lower interest rates. This financial product was, in turn, verified by a third party, which affirms and validates the green investment policy defined by Barclays. On the other hand, the EC is working on the eco label on financial products. Just like when we buy a washing machine that says "consumption A", financial products will have something of the kind in the near future. And the money turns green (laughs).

#### FINALLY, AND MAYBE WE SHOULD HAVE STARTED HERE. WHAT ARE THE PARAMETERS FOR CONSIDERING AN APPLICATION AS FINANCIALLY SUSTAINABLE?

**A:** What financial application or product meets a set of defined indicators? It's round, but that's it. This is done by combining the areas of engineering and biology with economics and management. And the criteria come

up. There is no point waiting for the EC because we are postponing a process. And if we all postpone, the competitive disadvantage against others increases. It's such a core business theme that it's very important that financial institutions start working on the topic, and don't think they will be able to respond to the problem only by subcontracting. You cannot place the core business of analysis of a financial institution outside that institution. That's the issue. The financial system in Portugal must realize that it's necessary to create internal skills to work the theme. If we wait, we are postponing. That's the key point.

The financial system in Portugal must realize that it's necessary to create internal skills to work the theme. If we wait, we are postponing. That's the key point.



#### APS SIGNS COMMITMENT LETTER TO SUSTAINABLE FINANCING IN PORTUGAL

APS signed the "Commitment Letter to Sustainable Financing in Portugal", a document that aims to promote the incorporation of environmental and sustainability criteria in the financial sector activity, aiming to achieve, by 2050, a carbon neutral economy.

"The financial sector should incorporate in its investment policies and new financial product offerings the right incentives to achieve a carbon neutral economy by 2050, so that the private sector can access the financing needed to make investments and acquisitions

in a increasingly decarbonized society", reads the document signed at the conference "Roadmap for Carbon Neutrality 2050: The Role of Sustainable Financing", which took place on July 8, 2019 at the Foundation Calouste Gulbenkian.

The Letter sets out different commitments for the 20 entities involved, mostly segmented by groups: regulators, financial institutions and the Portuguese stock exchange, associations of banks, insurers, issuers and funds, the Ministry of Environment and Energy Transition, the Ministry of Economy and the Finance Ministry.



## ENVIRONMENTAL RESPONSIBILITY AND INSURANCE

“If bees disappear from the face of the earth, humanity will have only four more years of existence. Without bees there is no pollination, no reproduction of flora, no flora no animals and with no animals there will be no human race.”

*Albert Einstein*

Perhaps never, as today, is there so much discussion around the world about the need and urgency to preserve Planet Earth.

The action of man, the industrial, scientific and technological development, which contribute so much to promote the improvement of human life quality, have also caused great damage to the environment.

Global warming (associated to climate change), melting of ice caps and rising average water levels, and the occurrence of natural disasters with serious consequences for both ecosystems and humans, have been increasingly creating environmental awareness, as the preservation, protection and restoration of the environment are increasingly on the agenda.

### AT INTERNATIONAL LEVEL

It is not, however, a new or recent concern. Particularly since the 1970s, as a result of the 1st United Nations Conference on the Environment (Stockholm Conference, June 1972), environmental issues have been considered, with more or less focus, more or less successfully,

on the agendas of organizations and the priorities of governments in countries around the world. The importance of this initiative, considered as a milestone in bringing environmental issues to the fore of the world agenda and the need to strike a balance between economic development and environmental protection, was such that June 5th – date the conference started – was defined as World Environment Day.

In 1983, the UN World Commission on Environment and Development (CMMAD) was created and in 1987 issued the Report “Our Common Future”, also known as the “Brundtland Report”.

This Report addresses the negative impacts on the environment of industrial activity and economic growth, recommending the creation of a new universal declaration on environmental protection and proposing the integration of the environmental issue into economic development.

The concept of “sustainable development” is formalized and is defined as “development that seeks to meet the needs of the present generation without compromising the ability of future generations to meet their own needs”. Sustainable development aims at ensuring an improvement in the living conditions of all people through economically effective, socially equitable and ecologically sustainable development, which implies a reasonable use of land resources and the preservation of natural species and *habitats*.

The recommendations made by the Commission led to the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, also known as the “Earth Summit”, which put the issue on the public agenda and in which “Agenda 21” was adopted, establishing a program of action for sustainable development based on a broad set of principles.

Since then, much has been sought to protect the environment as an integral part of economic development, with the aim of ensuring quality of life for both the present and future generations.

### AT EUROPEAN/COMMUNITY LEVEL

In 1972, and following the Stockholm Conference, European Council was held in Paris where the need for a Community environmental policy in tandem with economic development was declared, and a challenge was launched inviting Community institutions to draw up an Action Plan.

Subsequently, the 1987 Single European Act introduced a number of new policy areas, notably “Environment”, establishing the foundations for a common environmental policy “with a view to preserving, protecting and improving the quality of the environment, assisting the protection of people’s health and ensuring prudent and rational use of natural resources”.

But it was with the Treaty on European Union (EU), as amended by the Treaty of Maastricht (1993) and the Treaty of Amsterdam (1999), that the duty to integrate environmental protection into all sectorial Union policies and the European commitment to environmental protection was truly made and environmental law was established at Community level.

In February 2000, the White Paper was published, setting out the structure on which a Community environmental liability regime should be based. It considers “how best to apply the polluter pays principle – one of the essential environmental principles of the EU Treaty –, in order to meet the objectives of Community environmental policy, the main purpose of which is to prevent environmental damage”. The materialisation of this principle covers the coverage of traditional damage to people and property (health and property), but also of environmental damage (site contamination and damage to biological diversity or biodiversity).

And it’s this new reality – damage to the environment – that must also be taken into account by operators and result in a higher level of precaution and prevention, as they will be called upon to answer to the possible consequences that the activities developed may cause the environment.

As a corollary of the White Paper on Environmental Liability, Directive 2004/35/EC<sup>1</sup> of the European Parliament and of the Council of 21 April 2004 on environmental liability for the prevention and remedying of environmental damage was published.

This Directive is the first act of Community law which implements the polluter pays principle of the EU Treaty, in line with the principle of sustainable development.

Its purpose is to prevent and remedy the damage caused to nature as collective heritage, financially holding the operators – any natural or legal person, public or private – accountable for the repair of damage (remedial actions) caused to the environment by the activities they carry out, establishing also that they have

an obligation to take precautionary action in the event of an imminent threat of damage to the environment by taking precautionary measures and actions to prevent or minimize environmental damage.

The Directive applies only to environmental damage (caused to natural resources, i.e. to animals, plants, natural habitats, water and soil), or to the imminent threat of such damage caused by diffuse pollution whenever it's possible to establish a causal link between the damage and the activities of individual operators, not including damage to persons, private property or economic interests.

In accordance with the "polluter pays" principle, the operator/polluter is required to bear the costs associated with preventive and restorative measures most adequate to restore the environment to its original state or contribute to its natural regeneration. If this is not possible, complementary and compensatory remedial measures will need to be taken using resource-to-resource or service-to-service equivalence approaches.

The Directive advocates two liability regimes. Operators engaged in hazardous occupational activities (provided for in Annex III of the Directive) will be objectively liable (regardless of fault) for environmental damage or imminent threat of such damage, while operators of other activities are liable for damage or imminent threat only if it's proved that they acted guilty or negligently.

This is an administrative responsibility, and the party entitled to file the complaint is not the aggrieved party, but rather the relevant public authority in charge of looking after damaged natural resources are damaged and holding the power to enforce decisions. Liability includes actions to prevent imminent threats of damage, and the remediation of the damage should be done through its effective remediation rather than through compensation.

In order to ensure effective coverage of the liabilities operators are subject to, the Directive provides that Member States shall take measures to encourage the development by economic and financial operators of financial guarantee instruments and markets, including financial mechanisms in case of insolvency.

#### AT NATIONAL LEVEL

Concern about environmental issues and environmental protection in the context of sustainable development are reflected in the Constitution of the Portuguese Republic (Article 66). The principles of liability and prevention and the polluter pays principle are also enshrined in Law No.

19/2014 of 14 April, which defines the foundations of environmental policy.

But it was Decree-Law No. 147/2008 of 29 July<sup>2</sup>, which ultimately established the legal framework for liability for environmental damage and transposed Directive 2004/35/EC of the European Parliament and of the Council into national law, on April 21st.

This Decree-Law establishes, on the one hand, an objective liability regime (regardless of fault) for the operators of activities considered dangerous or potentially dangerous (namely in the sectors of energy, metal production and processing, mining industry, chemical industry, waste management, use and transport of hazardous or polluting substances) and activities subject to license for integrated pollution prevention and control and, on the other hand, a regime of subjective liability (only where there is guilt or negligence) for operators other activities, whereby the polluting operators are obliged to compensate the injured parties for damage suffered via an environmental component.

It also establishes, in accordance with that Directive, a system of administrative environmental liability intended to remedy environmental damage or the imminent threat thereof (to protected natural habitats and species, water and/or soil) to the entire community, depending once again on the nature of the operator's activity whether the liability will be objective or subjective.

To guarantee this administrative liability, operators (any person or company) carrying out activities that may endanger the environment are obliged to provide financial guarantees (own and autonomous, alternative or complementary to each other) enabling them to assume responsibility for the production of this damage. These compulsory financial guarantees may consist of underwriting insurance policies, obtaining bank guarantees, participating in environmental funds or setting up own funds established to meet this.

#### THE ROLE OF INSURANCE

The protection of the environment as a collective good and the common heritage of humanity is everyone's responsibility and there is already a widespread awareness that economic development must take into account that resources are limited, that some are not renewable and that it's necessary to "protect recover and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss"<sup>3</sup> to ensure

the right to a healthy and safe environment. But it will be crucial that society in general, and especially companies, be aware of the role they must effectively play in promoting a change in attitudes towards environmental protection.

Within the framework of rational management, corporate leaders must be aware that: (1) even if all precautions are taken, the activity of their companies may cause damage to the environment; (2) To minimize such risks, they shall take all reasonable measures to prevent such damage from occurring; (3) however, should these occur, their companies are required to repair them; (4) In order to safeguard this liability, they are required to provide appropriate financial guarantees.

And there are numerous activities carried out by companies that can cause damage implying the need to ensure decontamination and restoration of the environment. The costs involved in the processes of regularization and restoration of the initial state of the ecosystem can reach very high values, which may jeopardize the very economic sustainability of companies.

The insurance industry plays a key role here, contributing to the development of business activity and minimizing the losses that may suffer as a result of such events.

Insurers provide companies and their managers with environmental liability insurance to guarantee administrative liability for environmental damage or imminent threat of damage (caused to protected species and habitats, water and soil) resulting from the exercise of their activity. It is worth highlighting that environmental liability insurance doesn't guarantee all damages, and several situations are expressly excluded from the contracts.

Additionally, aside from the legally required insurance, liability insurance can be taken to cover liability for damage to persons or property via an environmental component ("traditional damage").

In their risk assessment, insurers also play a very important role in terms of prevention, as they identify any risks associated with the activity, warning them to their existence and making recommendations towards their reduction or mitigation.

In the event of an incident, insurers contribute to assessing environmental damage, determining the most effective and efficient remediation measure, paying costs

and managing remediation caused in close cooperation with the competent authority and the operator.

It's time for an effective change in attitude and we all have, as far as we can, a role to play in safeguarding the environment and the responsibility to secure the natural resources needed for future generations.

1. The scope of the Directive was been extended three times to include, respectively, the waste management of extractive industries (Directive 2006/21 / EC of the European Parliament and of the Council of 15 March), the operation of storage facilities (Directive 2009/31 / EC of the European Parliament and of the Council of 23 April) and the safety of offshore oil and gas operations (Directive 2013/30 / EU of the European Parliament and of the Council of 12 June).

2. amended by Decree-Laws No. 245/2009, of September 22, 29-A / 2011, of March 1, 60/2012, of March 14, and 13/2016, of March 9.

3. One of the 17 goals of the 2030 Agenda for Sustainable Development

#### KEY MILESTONES RELATED TO ENVIRONMENTAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

**1972** - Stockholm Conference, first major landmark conference on the environment.

**1992** - United Nations Conference on Environment and Development (Rio de Janeiro). This Conference, also known as Rio-92, Eco-92 or Earth Summit, recognized internationally the need to reconcile social and economic development with the use of nature's resources (principle of sustainable development) and to undertake actions to protect the environment. Agenda 21 was adopted.

**2002** - Rio +10 Conference (Johannesburg, South Africa).

**2004** - Publication of Directive 2004/35 / EC of the European Parliament and of the Council of 21 April 2004.

**2012** - United Nations Conference on Sustainable Development - Rio +20 (Rio de Janeiro).

**2015** - Sustainable Development Summit (New York, UN headquarters) where the "2030 Agenda for Sustainable Development" was approved.

## SUSTAINABILITY AND INSURANCE AT THE EUROPEAN LEVEL – FROM VISION TO PRACTICE

Insurers have a role to play in  
the sustainable economy.  
But they are not the only ones.

Sustainable finance is about taking environmental, social and governance (ESG) considerations into account when investing. As such, it plays a decisive role in the transition to low-carbon, resource efficient and more sustainable economies that promote inclusive economic growth. The EC's agenda to integrate sustainability considerations into its financial policy framework is new. But sustainability is not new for insurers; it has been a consideration in their investment and risk underwriting strategies for many years.

The insurance industry has been a pioneer in sustainable investing. Over recent years and on their own initiative, an increasing number of companies have committed to adhere to market principles for sustainable investments and have set goals targeting specific assets for investment or divestment.

Insurance Europe calculates that European insurers have committed more than 50 billion euros in sustainable investments between 2018 and 2020. On the underwriting side, in Europe alone, of the estimated 19.5 billion euros loss due to natural disasters in 2018, 7.3 billion euros was covered by insurers. They provide advice on adapting or mitigating the consequences of climate change and, in collaboration with policy makers, work to raise risk awareness.

### SHARED RESPONSIBILITY AND IMPLEMENTATION

Transition to a low-carbon economy occurs if everyone is committed and takes responsibility. However, in recent times, politicians appear to be placing significant emphasis on the financial sector, rather than on sectors that are at the heart of sustainability and pressure insurers not to insure or invest in certain energy producing sectors.

European objectives to render the economy greener are vital, but there must be feasible alternatives available. There is a need for a carefully planned transition – and the insurance industry is ready to support it – but first it's necessary to create alternative energy sources, projects and sustainable assets. Sustainability will be a key priority for the EC, which should clearly define the strategy of how each sector should contribute to the transition to a sustainable economy.

Over the past year, European co-legislators and the European financial supervisory authorities have been working to ensure that regulatory frameworks incorporate sustainability, but the regulations created have generated the risk of incompatible, unfeasible or disproportionate rules.

These initiatives include the EC proposal for disclosure of sustainability risks in investment and advisory processes, EIOPA's work to reflect sustainability in the EU's Solvency II regulatory framework (qualitative requirements) and the integration of sustainability into the Insurance Distribution Directive, in addition to the proposal for a classification system for sustainable activities and other EIOPA work on embedding sustainability in Solvency II (quantitative requirements).

Together, these initiatives represent a huge step towards an even more sustainable insurance sector. Success depends on whether it can be implemented given that, despite the need for urgent action, a degree of flexibility is required to ensure that the proposed requirements can be embedded into insurers' business models in a proportionate and efficient manner.

European policymakers must also, before imposing mandatory requirements, consider the different sizes and

resources of insurers, as well as the economic realities in which they operate.

### THE EUROPEAN GOALS

To meet the targets of the December 2015 Paris Agreement at the UN Climate Change Conference (cutting greenhouse gas emissions by 40% by 2030), the EC has estimated that it must fill an annual sustainable investment gap of around 180 billion euros. The sector can play a key role as it is Europe's largest institutional investor with over 10.2 billion euros in assets under management and annual gross premiums of over 1.2 billion euros.

Over the past year, EU co-legislators have focused on proposing new rules to enhance risk transparency and bring sustainability into mainstream business processes and functions. While these are clearly needed, ambitious action is also required to first enhance the availability of suitable sustainable assets.

Whether it is clear what sustainability means, whether there are sufficiently available sustainable investments and any regulatory disincentives to sustainable investment – all these are important key topics.

A key pillar of the European Union's sustainable finance policy agenda is the EU taxonomy to assess the sustainability of investments. Since all other transparency measures refer to this concept, its development should be the main priority of EU co-legislators. The insurance industry, which has supported the taxonomy proposal from the start, welcomes the early completion, but emphasizes that it must include all three factors – E, S and G – which are all important for investment decisions, are interconnected and the member states of the taxonomy. EU has varying interests and needs (ranging from infrastructure investment in hospitals, social housing and schools or renewable energy investments etc.)

### INCREASE SUPPLY OF SUSTAINABLE ASSETS AND ELIMINATE BARRIERS

The key to a smooth economic transition is to redirect financial flows to economically viable and attractive long-term sustainable assets. Today, insurers' willingness to invest in a sustainable manner does not match asset availability. Increasing the supply of assets that meet not only sustainability criteria, but also quality and security requirements, will be critical to increasing sustainable investment of all insurers.

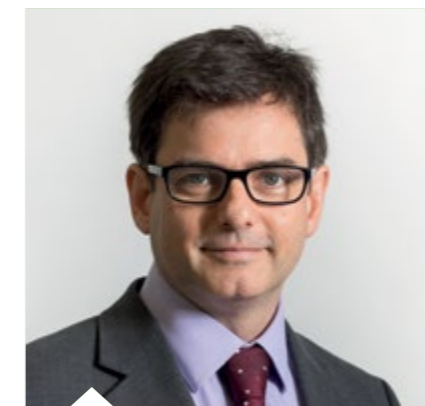
Insurers welcome the European initiatives to attract more institutional investment for long-term assets, including

the European Fund for Strategic Investments (EFSI) and the InvestEU program, focusing on sustainable infrastructure and social investments, but further action will be needed to ensure mobilization of private investment and that the investment targets are reached.

Any regulatory barrier to long-term investment by the insurance industry will be a barrier to sustainable investment. While not all long-term assets are sustainable, improving the regulation to better reflect the long-term nature of business will also benefit sustainable investment.

The 2020 review of the Solvency II regulatory framework is a key element in the EC's sustainable finance agenda (January 2018 report from the EU High Level Group on Sustainable Finance recommended to investigate how Solvency II could be adapted to facilitate further long-term investment, while maintaining its strong risk-based nature). Solvency II should remain risk-based and should not attempt to artificially support green assets or penalise brown assets via artificially adjusted capital requirements, even more so because differentiating between assets is extremely challenging. The industry supports prudential rules that capture actual risks based on an asset class's risk profile.

Given its fundamental role in the financial system and the economy, the insurance industry is well placed to contribute to the transition to sustainability. In turn, it's essential that policymakers ensure that any sustainable finance requirements are efficient and effective in achieving their objectives.



**Olav Jones**

DEPUTY DIRECTOR GENERAL,  
INSURANCE EUROPE



## COMPULSORY CIVIL LIABILITY INSURANCE. SUBSCRIPTION FEASIBILITY REQUIREMENTS.

There are about 180 mandatory insurances. More than half of these are either not marketed at all or by a very small number of insurers.

In order for risks to be insurable, particularly those of liability arising from the performance of a particular activity, sufficient information and knowledge about the activity itself, as well as on events previously witnessed is indispensable so that insurers may proceed not only to characterise the risks associated with it but also the appropriate and correct assessment of those risks and, as a result of that assessment, to assess their availability and ability to cover them and, if applicable, to define their coverage conditions.

The susceptibility of hedging a risk depends first of all on the fact that it has a set of specific characteristics<sup>1</sup>, namely:

### RISK HAS TO BE TYPIFIED AND HAS TO BE FINANCIALLY MEASURABLE.

Description and the material, temporal and territorial delimitation of risk and the intended corresponding coverage all this must be made in a clear precise and adequate manner in order to minimize doubts and controversies in the event of a possible loss.

We need also to be able to estimate the probability of and event / risk to be covered occurring and the severity of the likely losses, including the likely maximum loss amounts, in order to be able to determine both the required price level (premium) and hedging capacity limits, by risk / event, and global.

### RISK IS BY NATURE RANDOM AND SHOULD BE ASSOCIATED WITH SITUATIONS OF UNCERTAINTY.

This is an essential aspect, which is the basis of the insurance activity.

It is therefore not possible to take an insurance to insure compensation for damage that may result from a concrete event that is known in advance that will inevitably happen (except in the specific cases of personal insurance where the element of uncertainty associated with the "quandum" of the event and its occurrence does not depend on the will of the insured / beneficiary).

It is also not possible to provide coverage for damage arising from an event that is known to have already happened, or is under development, and where there is no relevant element of uncertainty involved.

On the other hand, such risk must be unforeseen and occur, generally, due to occasional, random or accidental circumstances, that is, circumstances beyond the control of the insured or beneficiary.

Also specific events, inherent in the normal use or depreciation of a thing, should not be covered by insurance.

### THE INSURED MUST HAVE AN INSURABLE INTEREST

There must be an identifiable relationship between the policyholder, or the insured, and the risk that justifies the existence of an interest in the insurance, worthy of legal protection.

### RISK SHOULD BE INTEGRATED INTO A SUFFICIENTLY LARGE MUTUALITY OF SIMILAR RISKS.

Strictly speaking, an isolated risk, or a similar set of risks of low quantitative expression, are not adequately assessable and therefore not hedged, at least at a balanced price.

Insurance assumes the existence of a community of people exposed to similar risks and an assessment of these based on the principle of large numbers. The greater the number of insured that are members of the mutuality, the more adequately their risks can be classified and assessed, as well as the premiums to be demanded from the insured and the remaining coverage conditions are carefully calculated.

Only in this context is it possible to expect coverage solutions, or solutions at a balanced price.

Thus, the provision of compulsory insurance solutions must reflect a thorough consideration of this essential point.

The non-consideration of these aspects explains, moreover, the fact that in Portugal, more than a hundred diplomas are in force instituting compulsory liability insurance, without, for most of which, there being a full response from the insurance sector.

It is therefore essential that, in future situations, when expressing the intention to create a new compulsory insurance, the following conditions of risk underwriting are taken into account:

### THE TYPE AND SCOPE OF THE ACTIVITY TO WHICH INSURANCE RELATES

Given the specificity and complexity of some activities, it is important that the diploma clearly defines the type and scope of the activity the insurance refers to, otherwise insurers may not be able to identify and assess the risks associated with it and, consequently, will not be able to offer such insurance. This information is particularly important when the intention is for insurers to ensure professional civil liability.

### THE REASONS FOR THE CREATION OF COMPULSORY INSURANCE AND THE OUTLINE OF THE COVERAGE

Explaining the reasons for the creation of compulsory insurance and stating the contours of the desired coverage are crucial to understand the regime and operationalisation of responses by insurance companies.

The absence of proper, specific and own legal regulation, which provides for the minimum and essential contours of the coverage, often raises insurmountable doubts about its scope. The definition of the capital to be insured and the quantitative and / or qualitative delimitation of the liability to be insured are essential elements for the insurance taking. There are no insurance with unlimited coverage and no exclusions. Failure to regulate these matters in practice almost always results in the unfeasibility of insurance, as there are no operators, either internally or externally, able to respond to coverage tending to be unlimited or to assume certain risks in a context of relevant doubt about its context and limits.

It should be noted, moreover, that we have always advocated, as an alternative to the establishment of compulsory insurance, the preference for agreed solutions, with adequate flexibility, which then allow the most appropriate conditions to be established within the scope of each one's contractual freedom the specificity of the activities and the type of operators.

### THE UNIVERSE OF OPERATORS AND THE DIMENSION OF THE ACTIVITY TO BE INSURED

Insurance is based on risk pooling, hence the need to know the universe of potential insurance operators. The lower the expected number of contracts to be signed, the more difficult it is to pool risk and to define an economically reasonable premium and balanced coverage conditions.

### THE TYPE AND FREQUENCY OF DAMAGE THAT MAY CAUSE THE ACTIVITY TO BE INSURED

In order to analyse technical feasibility analyses insurers shall have access to statistical information about past events associated with the activity that particular insurance relates to. Without such information it's very difficult to estimate the frequency of events and the severity of damage covered by insurance.

The quality and reliability of this information is fundamental, and official sources should be privileged and cover the entire universe of the potentially insured persons.

But information from other sources, notably from associations representing the sectors concerned, can also of great assistance.

1. Baseado no documento "How insurance works, Insurance Europe, 2012"



## CURSOS DE SEGUROS (QUALIFICAÇÃO INICIAL PARA ACESSO À ATIVIDADE)

- / AGENTE DE SEGUROS, CORRETOR DE SEGUROS OU MEDIADOR DE RESSEGUROS
- / MEDIADOR DE SEGUROS A TÍTULO ACESSÓRIO
- / PESSOAS DIRETAMENTE ENVOLVIDAS NA ATIVIDADE DE DISTRIBUIÇÃO

## CURSOS DE CONFORMAÇÃO

- / MEDIADORES DE SEGUROS E RESSEGUROS
- / EMPRESAS DE SEGUROS

## FORMAÇÃO E APERFEIÇOAMENTO CONTÍNUO

AÇÕES DE FORMAÇÃO PARA CUMPRIMENTO DOS DEVERES ANUAIS EM MATÉRIA DE FORMAÇÃO PROFISSIONAL



## INSURANCE IN NUMBERS

GROSS WRITTEN PREMIUMS SINCE JANUARY	Thousand Euros		Year-on-year variation		Output structure	
	2018.08	2019.08	Nominal	Real	2018.08	2019.08
<b>LIFE</b>	5 237 084	4 811 422	-8,1%	-8,5%	62,0%	58,1%
Risk	675 994	666 592	-1,4%	-1,8%	8,0%	8,0%
Capitalisation Products	2 564 180	1 796 311	-29,9%	-30,2%	30,4%	21,7%
Retirement Savings Plans (RSP)	1 996 910	2 344 469	17,4%	16,9%	23,7%	28,3%
Capital Redemption Operations	0	4 050				0,0%
<b>NON-LIFE</b>	3 205 135	3 472 255	8,3%	7,9%	38,0%	41,9%
Accidents and Health	1 228 305	1 351 471	10,0%	9,6%	14,5%	16,3%
Workers compensation	558 333	625 456	12,0%	11,5%	6,6%	7,6%
Health	568 473	617 322	8,6%	8,1%	6,7%	7,5%
Fire and other damage in property	570 264	612 984	7,5%	7,0%	6,8%	7,4%
Households and Condominiums	341 878	361 269	5,7%	5,2%	4,0%	4,4%
Commerce and Industry	165 787	181 276	9,3%	8,9%	2,0%	2,2%
Motor	1 221 982	1 312 002	7,4%	6,9%	14,5%	15,8%
Transportation (MAT)	33 834	35 676	5,4%	5,0%	0,4%	0,4%
General Liability	79 226	86 187	8,8%	8,3%	0,9%	1,0%
Miscellaneous	71 523	73 935	3,4%	2,9%	0,8%	0,9%
<b>TOTAL</b>	<b>8 442 218</b>	<b>8 283 678</b>	<b>-1,9%</b>	<b>-2,3%</b>	<b>100,0%</b>	<b>100,0%</b>

## “ALERTA MÁXIMO” BOOK LAUNCH

### A fire that can change a life

The book was presented last October 14th, at the Francisco Arruda School Group, in Lisbon and relied on the presence of the authors, Ana Maria Magalhães and Isabel Alçada, as well as Helena Freitas, Professor at the University of Coimbra, and the State Secretary for Education, João Costa.

Alerta Máximo (Maximum Alert). This is the title of the book by Isabel Alçada and Ana Maria Magalhães. More than a title, it's a wake-up call. The name contains in itself a concern. An environmental concern.

Over 148 pages, the authors romantically issue a warning cry about climate change. Increased temperature of the globe, the melting of glaciers and the consequent risk of fire.

Isabel Alçada and Ana Maria Guimarães tell of the behaviors we should adopt. Behaviors ranging from the relationship with nature, clearing of woods and fields, preventive acts that extend to insurance underwriting and end in ethical and legal behaviour related to acts of fraud.

The plot unfolds in Oporto, in the big city and in the inner region, in a village that could be a village next door, and where everything happens. Gonçalo, Vanda and Marina are the main characters of the 11 chapters of this book.

In the narrative that tells the daily life of three high school students, the personal relationships they establish with each other and the connections to their origins are the starting point leading us to turn the page and read about the relationship with their parents and, above of all, about the perception and the manner how they interact and decide to act on the environment.

It's this intersection of relationships that feeds the plot of this story whose epicentre is the theme of fires and climate change. A story that hides and sends many messages.



The action starts with a warning broadcasted on television that catches the attention of Lira, a theatre teacher born in Pitanga, a village in Minas Gerais, Brazil, who tried to making a living in the big city of Rio de Janeiro, but whom his sister, Suelly, married to a Portuguese, opened the doors to Oporto and the inner regions of Portugal. The news runs fast.

Gonçalo's father owns a sawmill while Vanda's mother has a family business in ceramics. Marina's father, who was born in Oporto, is a lawyer. These economic activities are not of minor importance, as we can see as we flick through the pages of this book by two authors who worked together with the Portuguese Association of Insurers and who through words and illustrations that summarize the insurance activity.

Under television alerts of a red alert to the area where the story unfolds, the three young men rush to clear the grounds surrounding Vanda's mother's ceramic oven, while on the grounds of Gonçalo's family sawmill, everything was supposedly on call for an eventual disaster.

The heat, the immense heat, with the clouds charged with electricity, sending lightning and flashing lightning over the earth accompanied by a chorus of thunder caused a huge fire which hit the area where the characters of this story dwell.

Between phone calls to 112 emergency number and the intervention of fire-fighters a village was saved and the moments that followed the dramatic hours lived were retained in memory and was there to shed light on the reasons for this tragedy. Field visits, policy verification, expert investigation and insurance claims. Reports of ups and downs of a family relationship and the major help of a lawyer who, in the meantime, avoided fraudulent behaviour by imposing ethics, complete the message the authors wanted to convey: maximum alert. The climate is changing. And we must act.



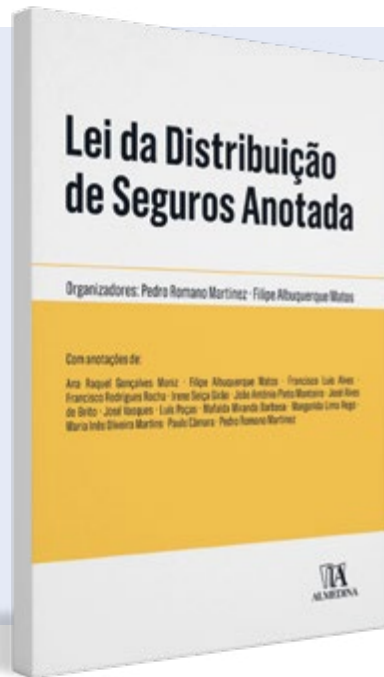
## APS SPECIAL AWARD FOR BEST WORK ON INSURANCE

The students from the 2nd / 4th C of the Costa Basic School, in the municipality of Santo Tirso, were the winners of the "Special Award - Insurance", an award created by APS within the scope of the 9th edition of the Financial Education Program "Saving is the Gain", from the Dr. António Cupertino de Miranda Foundation.

The work "Financial Life", a game that allows you to test knowledge by answering through myth/truth to a number of questions about the insurance area, stood out among projects presented by 14 schools from the region who participated in the context for the Special Insurance Award of the APS.

A guided tour to the Permanent Exhibition Memory of Insurance and to the Lisbon Oceanarium was the award given to the school of Santo Tirso.

APS also awarded a Honourable Mention to 4th grade students, Class 1 A, from EB Vale do Mouro School of Monção, authors of a song (rock) about the importance of insurance.



## "LEI DA DISTRIBUIÇÃO DE SEGUROS ANOTADA" BOOK LAUNCH

Coordinated by Pedro Romano Martinez and Filipe Albuquerque Matos, "Lei da Distribuição de Seguros Anotada" ("Insurance Distribution Law Annotated") is the result of a number of initiatives between the Institute of Private Law of the Faculty of Law of the University of Lisbon, the Institute of Banking Law, the Stock Exchange and Insurance, the Faculty of Law, the University of Coimbra and the Portuguese Association of Insurers.

Presented at the Portuguese Association of Insurers (APS) offices, the book also features contributions from Ana Raquel Moniz, Francisco Luís Alves, Francisco Rodrigues Rocha, Irene Seíça Girão, João António Pinto Monteiro, Jose Alves de Brito, Jose Vasques, Luís Poças, Mafalda Miranda Barbosa, Margarida Lima Rego, Maria Inês Oliveira Martins and Paulo Câmara.



## GREEN CARD

Recently, the General Meeting of the Council of Cabinets – the entity that manages the Green Card system – decided on 14 June 2019 to authorize the National Green Card Offices (in Portugal, called GPCV - Portuguese Green Card Office) to issue the cards in black and white and to send them as PDF files electronically or via email.

It is therefore important to ensure that the authorities of each Member State recognize these new letters as valid, which can now be issued in black and white (instead of green). It would also be important to rethink in Portugal the theme of the couplet that is associated with these cards and make the necessary adjustments to the current legislation.

## MAIN EVENTS IN THE INSURANCE SECTOR

Date	Event
09/05/19	Government approves Margarida Corrêa de Aguiar and Caldeira Cabral at insurance regulator
22/05/19	Decree Law No. 68/2019 - Creation of the Affordable Rent Program
08/07/19	APS signs Carta de Compromisso para o Financiamento Sustentável em Portugal
18/07/19	Publication of a release stating that Entities majorly owned by investment funds managed by Apollo Global Management subsidiaries have reached an agreement with Generali Group for the sale of Seguradores Unidas and AdvanceCare
30/07/19	Ordinance No. 238/2019 of July 30 - defines the criteria for setting minimum capital and other minimum requirements for professional indemnity insurance.
01/08/19	First AdC-sanctioned cartel in the Portuguese financial sector has highest fine ever
08/08/19	Law Nr. 58/2019 - ensures the implementation in national law of Regulation (EU) 2016/679 on the protection of individuals regarding the processing of personal data and on the free movement of such data
03/09/19	Entry into force of Regulatory Standard Nr. 6/2019-R - "Proper qualification, training and continuous professional development"
04/09/19	Hazardous materials drivers' strike: Government decrees minimum services on Saturdays, Sundays and public holidays, considering, among others, as priority vehicles the supplying vehicles providing first aid services and trailers
04/09/19	Law Nr. 95/2019 - approves the Basic Law on Health
09/09/19	Law Nr. 107/2019 - amends the Code of Labor Procedure, adapting it to the Code of Civil Procedure
25/09/19	Generali: first European insurer with green bonds

## NEW LEGISLATION RELATED WITH INVOICING OBLIGATIONS FOR INSURERS

All insurance companies, regardless of whether or not they are exclusively exempt from VAT, are required to issue an invoice as of 1 January 2020.

With the introduction of this obligation, impacts on other levels occur, namely certification of invoicing software, monthly invoicing reporting, as well as SAF-T (PT) level.

The new obligation derives from Decree-Law no. 28/2019, of 15 February, which defines the regulation of the obligations related to the processing of invoices and other fiscally relevant documents, and the obligations of preservation of books, records and their respective support documents.

The amendment of the Value Added Tax Code (CIVA), which significantly reduced taxable persons who were not required to issue invoices for each transfer of goods or services, thus causes significant changes for the insurance industry.

It is worth mentioning that the legislation prior to this DL provided for exemptions in the CIVA, more specifically



in Article 29 (3) (a), which exempted from the obligation to issue an invoice "taxable persons who carry out transactions exclusively exempt from tax". With the new wording, the waiver only covers legal persons governed by public law, non-profit making bodies and private social solidarity institutions (with gross annual income not exceeding € 200,000).

## ELISA FERREIRA APPOINTED COMMISSIONER FOR COHESION AND REFORMS

The European Parliament's Parliamentary Committee on Regional Development unanimously approved the appointment of Elisa Ferreira as Commissioner for Cohesion and Reforms.

This 63-year-old woman from Oporto was Portugal's nominee for the future EU executive and received a favourable opinion from the committee in charge of her hearing.

The evaluation letter, signed by Younous Omarjee, chairman of the parliamentary committee, was sent to the Conference of Presidents of the European Parliament (EP). The college of commissioners as a whole was voted by the EP plenary on 23 October. The European Commission will have a five-year term starting on 1 November. The future college consists of 26 commissioners.

If the final cast of the Von der Leyen Commission is approved in plenary, Elisa Ferreira will be the first woman appointed by Portugal as European Commissioner. She will be in charge of the Cohesion and Reforms portfolio, with two of the main structural funds, the ERDF for regional policies, and the Cohesion Fund.

Elisa Ferreira, economist, was Minister of Environment, between 1995 and 1999 during the government of António Guterres and minister of Planning between 1999 and 2002. After 12 years between Brussels and Strasbourg (2004 to 2016), she held the post of Deputy Governor of Bank of Portugal.



### LISTAGEM DOS 26 COMISSÁRIOS

NAME (COUNTRY)	TITLE	POSITION
Frans Timmermans (Netherlands)	Executive Vice President	will coordinate the work of the European Green Deal and manage climate action policy, supported by the Directorate General for Climate Action
Margrethe Vestager (Denmark)	Executive Vice-President	will coordinate agenda on a "Europe fit for the digital age" and be the commissioner for competition
Valdis Dombrovkis (Latvia)	Executive Vice President	"Economy That Works for People" and be the commissioner for financial services
Josep Borrell (Spain)	Vice President	"A Stronger Europe in the World"
Věra Jourová (Czech Republic)	Vice President	Values and Transparency
Margaritis Schinas (Greece)	Vice President	Protecting European Way of Life
Maroš Šefčovič (Slovakia)	Vice President	Interinstitutional Relations and Foresight
Dubravka Šuica (Croatia)	Vice President	Democracy and Demography. Will coordinate the work of the Conference on the Future of Europe
Johannes Hahn (Austria)	European Commissioner	Budget and Administration
Didier Reynders (Belgium)	European Commissioner	Justice
Mariya Gabriel (Bulgaria)	European Commissioner	Innovation and Youth
Stella Kyriakides (Cyprus)	European Commissioner	Health
Kadri Simson (Estonia)	European Commissioner	Energy
Jutta Urpilainen (Finland)	European Commissioner	International Partnerships
Sylvie Goulard (France)	European Commissioner	Digital Single Market
László Trócsányi (Hungary)	European Commissioner	Neighbourhood and Enlargement
Paolo Gentiloni (Italy)	European Commissioner	Economy
Phil Hogan (Ireland)	European Commissioner	Trade
Virginijus Sinkevičius (Lithuania)	European Commissioner	Environment and Oceans
Nicolas Schmit (Luxembourg)	European Commissioner	Jobs
Helena Dalli (Malta)	European Commissioner	Equality
Janusz Wojciechowski (Poland)	European Commissioner	Agriculture
Elisa Ferreira (Portugal)	European Commissioner	Cohesion and Reforms
Rovana Plumb (Romania)	European Commissioner	Transport
Janez Lenarčič (Slovenia)	European Commissioner	Crisis Management
Ylva Johansson (Sweden)	European Commissioner	Home Affairs



**Jaime Nogueira Pinto**

HISTORIAN

## EUROPE - 80 YEARS AFTER THE BEGINNING OF THE WAR

The 1939-45 War radically changed European and world geopolitics. Paradoxically, its outcome meant the complete failure of the political-ideological project of Adolf Hitler, the great protagonist in the outbreak of the conflict.

Hitler wanted to negotiate with the English a sort of world-sharing: the British Empire would subsist in its trans-European dimension but, in return, Germany would have the hegemony over the continent, erase the consequences of Versailles, end communism in Russia and restore German power.

Everything went the other way: war brought the Americans and the Soviets to the centre of Europe; it ruined Germany and France and marked the beginning of the end of the British Empire. In fact, Chamberlain's appeasement policy was the result of his belief and certainty that a war in Europe would mean the end of the Empire and a military and political mortgaging to the United States. The Europeans, both the losers – Germany and Italy – and the "winners" – Britain and France – thus lost the war.

But from this dependence and relative weakening of Europe, in the post-war, came the attempt to unify or at least coordinate the economies of the Central and Western European countries that escaped Soviet occupation and the resulting establishment of communist governments. The communist threat – reinforced by the existence of major parties in France and Italy – played an important role in this convergence. European states, weakened by war, by defeat, occupation, deeply divided politically, ceased to be the centres of world power. In the 1950s and 1960s they abandoned their colonial empires.

From this defeat of the European powers and the transfer of the political-military decision-making centres to Washington and Moscow – along with the horrors suffered by the peoples – a spirit emerged looking for cooperation and integration – first economically and later politically, the solution of the future. Overseas empires disappeared within a decade and a half; the rebuilding of cities began; European ideals echoed in the conservative and progressive elites who identified them at the outset with the promise of the end of European "civil wars" that, in thirty years had destroyed the continent and put an end to its hegemony.

Hegemony was now ensured by two world powers with a relative "European" identity – the United States, spiritually and biologically children of Europe, and Soviet Russia, which, despite its ideological and totalitarian carapace, was also, in its historical-religious identity, from Peter the Great to the Orthodox Church, a daughter of Europe.

Eighty years since the start of the Second World War, and when politically and geopolitically there are winds of change and rupture that shake what once seemed to last forever, it is not a bad thing to remember History and learn the relevant lessons. Which is not easy, but it can be helpful.

## TECHNOLOGISTS EVER MORE HUMAN

The most relevant word of our future is **transformation**. We are heading for a new reality for human societies now confronted with the need to respond to the challenges of globalisation, sustainability, technology and inequality. This transformation will affect our personal lives, businesses in all sectors and the institutions and rules of society.

This is a key aspect as pertains to the skills we have to develop and the ability of companies to attract them. This will be the most important factor of competitiveness of those and the country. New talents will need to develop new skills and will have to be empowered and motivated differently. This will require schools, universities and businesses to be managed differently. As regards skills, technology, data, science will become key and it will be impossible to engage in their management without bridging these areas. In the insurance sector, in particular, everything will depend on our ability to hear and understand what data tells us. However, I am convinced that these skills will quickly be necessary, but not distinctive – a bit like mastering a spreadsheet nowadays. As these hard skills become a convenience, the human skills of leadership, creativity, teamwork, autonomy or executive ability that will make the difference. The irony of this technology progress is that it will allow us to become more human.

Hence, the biggest challenge will be faced by companies. The ability to attract and motivate those who are most creative, autonomous and committed implies greater respect for the individual and a greater room for freedom and creativity. Leadership and management will no longer be a matter of objectives, policies and processes but will rather become spaces of motivation and freedom with strategic alignment. Bosses will become inspirers, bosses will become facilitators. Organizational goals will have to be in line with the passion and responsibility of employees. Successful organizations will be more horizontal and more open.

We are potentially on the way to a more humane and freer society as a result of technological development that will bring about abundance never witnessed before. The problem is that this society will have to have very different rules from those that guided us in the last century. This complex crisis of systemic transformation reaches us every day via television. We will, in fact, become a more humane society in business and work if we can have the resilience and adaptability to redefine ourselves as a society.



**Daniel Traça**

DEAN OF NOVA SBE

**aps** PORTUGUESE  
ASSOCIATION  
OF INSURERS