

Prof. Diana Cerini- European Insurance law
2006-7

LESSON 2

Materials

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The consumer protection in Insurance Law

How can the consumer be protected?

- The rules concerning a fair information and transparency
- The right of withdrawal
- The rules concerning unfair contract terms
- The protection given by the Control Authorities

THE UNFAIR CONTRACT TERMS DIRECTIVE (93-13-CEE) AND THE IMPACT ON INSURANCE CONTRACTS

Questions:

- When a contract term is unfair
- Who is protected by the directive
- Why the directive is important for insurance contracts in a European perspective

A CONTRACT TERM IS UNFAIR WHEN:

1. It has not been individually negotiated;
2. It is contrary to the requirement of good faith;
3. It causes significant imbalance in the parties contractual rights and obligations to the detriment of the consumer.

THE CONSUMER

The consumer is a natural person who is acting for purposes which are outside his business

Example:

Miss Love buys an insurance contract against fire for her house in the countryside

UNFAIR CONTRACT TERMS IN INSURANCE CONTRACT: some examples

- The insurer is granted special rights to rescind the contract;
- The insurer is entitled to rescind the contract unilaterally without stating why;
- The insurer is entitled to terminate the contract at very short notice, while the insured party is required to give much longer notice;
- A penalty clause entitles the insurer to retain part of the premium on termination of the contract;
- The insurer is allowed excessively long deadlines to pay out compensation;
- The use of arbitration is the only mean of protection accorded