

Information for those foreign insurance companies on the European Economic Area (EEA) intending to provide cross border services in Iceland in compulsory motor insurance

Insurance companies that intend to engage in insurance activity in compulsory motor insurance should have the following information/requirements in mind.

Icelandic legislation in the field of insurance is in conformity with the European Directives. Insurance activity in Iceland is governed by the Act on Official Supervision of Financial Operation No. 87/1998 and Act on Insurance Activities No. 100/2016. The Financial Supervisory Authority is responsible for supervising insurance activities in Iceland.

Chapter XX of the Act no. 100/2016 covers activities of foreign insurance companies. Articles 124 and 126 deal with the notification procedure for foreign insurance companies from the European Economic Area that intend to provide services into Iceland on a cross border services license. Insurance companies can either open a branch in Iceland or provide services without an establishment. The articles inform about the requirements the insurance companies have to fulfill before commencing cross border business in Iceland.

1) Requirements

- a) Requirements for opening a branch in accordance with Article 124:
 - 1. a plan for the proposed activities and structure of the branch in Iceland and confirmation that the company has an operating license in those insurance classes and sub-classes which it proposes to offer in Iceland;
 - 2. the address of the branch where the company's appointed representative is located, documentation may be obtained on the activities and to which all communication shall be sent;
 - 3. the name of the appointed representative of the branch authorized to oblige the company towards third parties and to represent it in court in Iceland;
 - 4. **a declaration that the company is a member of the International Motor Insurance in Iceland (Alþjóðlegar bifreiðatryggingar á Íslandi sf., see www.abi.is), if it proposes to carry out activities in class 10 (motor vehicle third-party liability insurance);**
 - 5. **a certificate from the supervisory authority stating that the requirements concerning solvency margin for the company's operations in general are fulfilled, together with comments on the proposed activities if any;**
 - 6. **the terms of compulsory insurance which the branch proposes to offer in Iceland and, where applicable, the technical basis of life assurance and health insurance.**

- b) Requirements when providing services without an establishment in accordance with Article 126:
 - 1. A certificate from the supervisory authority stating that the solvency margin requirements for the company's activities as a whole are fulfilled;
 - 2. A list of insurance classes and sub-classes which the company is authorized to deal in;
 - 3. A list of the types of risk the company proposes to insure in Iceland;

4. **a declaration that the company is a member of the International Motor Insurance in Iceland (Alþjóðlegar bifreiðatryggingar á Íslandi sf., see www.abi.is), if it proposes to carry out activities in class 10 (motor vehicle third-party liability insurance); and the name and address of the representative in Iceland responsible for settling claims (explained below);**
5. the name of the appointed representative authorized to oblige the company towards third parties and to represent it in court in Iceland.

Explanation regarding point 4:

A company, which offers services without having an establishment in the country, in class 10, shall see to it that parties entitled to benefits resulting from damage in Iceland are not in a less fortunate position than others due to the fact that no establishment is located here. The representative referred to in point 4 shall obtain all necessary documentation on damages and have full authorization to pay benefits and represent the company in Iceland. He/She must also provide the competent authorities in Iceland with information as to whether statutory vehicle insurance has been provided and its validity period. The representative may not assume other tasks for the company in Iceland than those specified here

2) Insurance terms for compulsory insurance.

Insurance companies have to take into consideration Traffic Law No. 50/1987, Regulation on Compulsory Insurance of Motor Vehicles No. 424/2008 and Insurance Contract Law No. 30/2004.

3) International Motor Insurance in Iceland (ABÍ)

Information regarding the following can be found on ABÍ's website, www.abi.is:

1. To suffer damage
2. Claims Representatives
3. Information Center
4. Compensation Body