

Warsaw, 18 June 2019

INFORMATION ON ‘GENERAL GOOD’ RULES

Introduction:

This information is to be communicated to insurance undertakings in the EU Member States and in EFTA Member States—the parties to the Agreement on the European Economic Area. The intention of the Polish Financial Supervision Authority is to provide an overview on, and assistance in, undertaking business activities in the territory of the Republic of Poland within the common market.

Although, while preparing this overview, best efforts were made to ensure that it is based on the most recent legal regulations, business owners are required to use applicable legal solutions, including provisions laid down or amended after drawing up and communicating this information. Addressees of legal standards are required to ensure that their business activities are in line with the current state of the regulatory environment.

This information must not be treated as a record of the mandatory provisions of law.

Provisions of law are laid down in legal acts published in the Polish Journal of Laws (PL: *Dziennik Ustaw*). In the event of any difference of interpretation between this information, other official and/or private overviews, and translations of legal acts on the one hand, and the texts of standard acts published in the Journal of Laws on the other, the latter prevail.

This information should not be treated as a comprehensive source of information on domestic legal regulations which a foreign insurance undertaking pursuing its activities in Poland should comply with. Issues such as e.g. labour law and social security, public order, protection of intellectual property, protection of cultural heritage, and other cases which should, under special circumstances, be treated as protecting ‘the general good’ have been omitted (cf. *Commission Interpretative Communication—Freedom to provide services and the general good in the insurance sector*. Official Journal of 16 February 2000)¹. This information applies primarily to regulations directly influencing insurance activities.

Information on ‘general good’ rules with regard to insurance distribution carried out directly by insurance undertakings has been marked in grey.

The applicable law in Poland:

The core Polish laws governing the business of insurance include:

- *Act of 21 July 2006 on financial market supervision* (consolidated text: Journal of Laws 2019, item 298, as amended);
- *Act of 11 September 2015 on the business of insurance and reinsurance* (consolidated text: Journal of Laws 2019, item 381, as amended), hereinafter: the ‘Act’;
- *Act of 22 May 2003 on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers’ Bureau* (consolidated text: Journal of Laws 2018, item 473, as amended);

¹ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000Y0216\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000Y0216(01)&from=EN)

- *Act of 15 April 2005 on supplementary supervision over credit institutions, insurance undertakings, reinsurance undertakings and investment firms being part of a financial conglomerate* (consolidated text: Journal of Laws 2016, item 1252);
- *Act of 15 December 2017 on insurance distribution* (consolidated text: Journal of Laws 2018, item 2210, as amended);
- *Act of 5 August 2015 on the complaint handling procedure of financial market entities and on Financial Ombudsman* (Journal of Laws 2018, item 2038, as amended).

As regards regulations imposing general requirements on entities pursuing business activities in the territory of Poland, the *Act of 6 March 2018—the Business Law* (Journal of Laws 2018, item 646) should be mentioned.

Polish laws governing contract of insurance:

Main regulations concerning contract of insurance are included in the following laws:

- *Act of 23 April 1964—the Civil Code* (consolidated text: Journal of Laws 2018, item 1025, as amended), including general provisions on contractual and tort obligations as well as provisions applicable directly to contract of insurance (Articles 805–834 of the Civil Code); an extract from the Civil Code (Articles 805–834 of the Civil Code) forms Appendix No 1 hereto;
- *Act of 11 September 2015 on the business of insurance and reinsurance* (in particular provisions of Articles 15–27);
- *Act of 18 September 2001—the Maritime Code* (consolidated text: Journal of Laws 2018, item 2175, as amended) – provisions on the contract of maritime insurance contained in Articles 292–338.

Regulations concerning insurance guarantee contract

The Polish law allows insurance undertakings which offer non-life insurance products to provide an insurance guarantee if such insurance undertakings are authorised in respect of class 15 of Division II of the appendix to the Act (or authorised, to the relevant extent, by the relevant authority of an EU or EEA Member State). The provisions of the Civil Code pertaining to a contract of insurance do not apply to insurance guarantee contracts (Articles 805–834 of the Civil Code). The rights and duties of the parties to an insurance guarantee contract result from the general provisions of the Civil Code pertaining to contractual obligations (if, where appropriate, the contract is governed by the Polish law). It should be emphasised that such insurance activity is shaped mainly by practice legally based primarily on the rule of freedom of contractual relationship arrangement (Article 353¹ of the Civil Code).

Language of insurance contract:

Pursuant to Article 7(1) of the *Act of 7 October 1999 on the Polish language* (consolidated text: Journal of Laws 2018, item 931, as amended), the Polish language shall be used in the territory of the Republic of Poland in transactions with consumers and in the application of provisions of the labour law if:

1. a consumer or person who performs work has the place of residence in the territory of the Republic of Poland when concluding the contract; and
2. the contract is to be performed (once or from time to time) in the territory of the Republic of Poland.

In addition, pursuant to Article 7(2) of the said Act, the provisions of the Act apply to the documents and information which must be drawn up and/or submitted under separate provisions of law.

It should be noted that under Article 7a of the said Act, the duty to use the Polish language to the extent referred to in Article 7 applies in particular to names of goods and services, offers, warranty terms and conditions, invoices, bills and receipts, as well as warnings and information for consumers required under other provisions, operation manuals and information on the features of goods and services, subject to Paragraph 3. The duty to use the Polish language in information on the features of goods and services also applies to advertisements. Foreign-language descriptions of goods and services, and foreign-language offers, warnings and information for consumers required under other provisions to the extent referred to in Article 7 must also be drafted in the Polish language version, however warnings and information for consumers required under other provisions, and operation manuals and information on goods features do not require a description in the Polish language if they are expressed in a generally understandable graphic form. If the graphic form is accompanied by a description, then the description should be drafted in the Polish language.

Formal requirements for an insurance policy:

Under Article 215(1) of the Act, the document proving that a foreign insurance undertaking in an EU Member State other than the Republic of Poland, conducting business in the territory of the Republic of Poland through a branch or otherwise, under the freedom to provide services, has entered into an insurance contract, shall specify:

- (1) the address of the head office of the insurance undertaking which provides insurance coverage, and for foreign insurance undertakings conducting business in the territory of the Republic of Poland through a branch—the address of the branch and address for correspondence, if different;
- (2) the place of concluding the insurance contract;
- (3) the court jurisdiction in the case of a dispute between the parties to the insurance contract;
- (4) the date and term of the insurance contract;
- (5) the subject-matter and conditions of the insurance contract;
- (6) the parties to the insurance contract;
- (7) the amount of insurance premium;
- (8) the general terms and conditions of insurance on which the insurance contract was concluded, and how such terms and conditions should be communicated to the policyholder,
- (9) first name, last name or business name, and address of the representative responsible for claims.

The provision of paragraph 1 does not apply to large risks.

Requirements in respect of an insurance contract:

In the light of Article 15(3) of the Act, the wording of a contract of insurance, general terms and conditions, and other contract templates shall be clear and explicit. Under Article 15(4) of the Act, the general terms and conditions of insurance and other contract templates shall be published on the insurance undertaking's website.

Under Article 16 of the Act, the general terms and conditions of insurance shall specify, in particular:

- (1) the type of insurance and the object insured;

- (2) the requirements for changes in the sum insured and/or the guaranteed sum where such changes are provided for in the general terms and conditions of insurance;
- (3) the rights and obligations of the parties to the insurance contract;
- (4) the scope of the insurance undertaking's liability;
- (5) for property insurance—the method of determining the extent of damage;
- (6) the method of determining the amount of damages and/or other benefit if the general terms and conditions of insurance provide for exceptions from statutory rules;
- (7) the methods used to determine and pay the insurance premium;
- (8) the method and procedure used for indexation of insurance premiums if such indexation is provided for in the general terms and conditions of insurance;
- (9) the procedure and requirements for changes to an insurance contract concluded for an indefinite period of time;
- (10) the prerequisites, procedure and time limit for the termination of the insurance contract if termination is provided for in the general terms and conditions of insurance, as well as the prerequisites, procedure and time limit for withdrawal from a contract of group insurance;
- (11) the time limit and procedure for rescission of the insurance contract.

Under Article 17(1) of the Act, the contract templates used by insurance undertakings, in particular the general terms and conditions of insurance, shall contain information indicating which provisions specify:

- (12) the prerequisites for the payment of damages and other benefits and/or surrender value of the insurance contract;
- (13) the limitations and exclusions of the insurance undertaking's liability which entitle it to refuse to pay damages and other benefits or to reduce them;
- (14) the costs and all other charges deducted from insurance premiums, from the assets of unit-lined funds or through redemption of participation units in unit-lined funds;
- (15) the surrender value of the insurance contract in each period of cover, and the period in which no claim for the payment of the surrender value is accepted.

The requirements in respect of a life insurance contract have been laid down by the legislator in Article 20 of the Act. Under such provisions:

Article 20. 1. To the extent of insurance referred to in Division I of the appendix to the Act, an insurance undertaking shall include the following in the insurance contract:

- (1) definitions of all benefits;
- (2) the amount of the insurance premium for each basic and additional benefit if the benefits are divided, in the contract, into basic benefits and additional benefits;
- (3) the rules for the determination of the benefits due under the contract, in particular the methods for calculating and granting bonuses, discounts and participation in the insured's profits; the technical rate, the surrender value and the sum insured if the insurance contract is converted into a non-premium contract, where these are guaranteed; the costs and other charges deducted by the insurance undertaking when paying benefits;
- (4) a description of such factors in the methods of calculating technical provisions for accounting purposes which may affect the amount of the benefit paid by the insurance undertaking and/or the surrender value of the insurance contract;
- (5) references to the provisions of law concerning taxes on the benefits paid by the insurance undertaking;
- (6) the location where the insurance undertaking's solvency and financial condition report is disclosed.

2. To the extent of the insurance referred to in Division I of the appendix to the Act, the insurance undertaking shall, before the parties give their consent to a change in the terms and

conditions of the contract or a change of the law governing the contract, provide the policyholder, in writing or, with the policyholder's consent, on any other durable medium, with such information and specify the effect of such changes on the amounts of the benefits under the contract.

3. To the extent of the insurance referred to in Division I of the appendix to the Act, the insurance undertaking shall inform the policyholder, in writing or, with the policyholder's consent, on any other durable medium, at least once a year, subject to Paragraph 8, of the amounts of the benefits under the contract if any such amount is changed during the term of the insurance contract, and of the surrender value of the insurance contract if such a value is payable in respect of that contract. If the insurance contract provides for a benefit based on the sum insured denominated in an agreed currency, the insurance undertaking shall inform the policyholder of any change in the sum insured.

4. To the extent of the insurance referred to in Division I of the appendix to the Act, the insurance undertaking shall inform the policyholder, in writing or, with the policyholder's consent, of any other durable medium, at least once a year, subject to Paragraph 8, of the amount of the bonus payable if the insurance contract provides for the policyholder's participation in the profit from investing technical provisions for accounting purposes.

5. Information referred to in Paragraphs 2–4 may also be provided by the insurance undertaking, with the policyholder's consent, by means of electronic communication.

6. In the case of an insurance contract concluded on another person's account, in particular a group insurance contract, the insurance undertaking shall provide information specified in Paragraphs 2-4 to the policyholder in writing or, with the consent of that person, on any other durable medium. Such information shall be provided to the insured:

- (1) before the policyholder gives his/her consent to a change in the terms and conditions of the contract or a change of the law governing the contract – in the case of information referred to in Paragraph 2;
- (2) immediately after such information is provided by the insurance undertaking to the policyholder – in the case of information referred to in Paragraphs 3 and 4.

7. In the case of an insurance contract concluded on another person's account, in particular a group insurance contract, the insurance undertaking shall, at the insured's request, provide information referred to in Paragraphs 2-4.

8. The insurance undertaking shall provide the policyholder with information referred to in Paragraphs 3 and 4, for the first time, not earlier than after 10 months and not later than 14 months of the date of conclusion of the contract.

The requirements regarding the content of a unit-linked life insurance contract have been laid down in Article 23 of the Act.

Article 23. 1. In the life insurance contract referred to in Division I, class 3, of the appendix to the Act, if the contract is a unit-linked insurance contract, the insurance undertaking shall specify:

- (1) a list of the unit-linked funds offered under the insurance contract;
- (2) the rules for determining the value of benefits under the insurance contract in the event of the insured's death or where the insured is alive at the end of the policy term, and the rules for determining the full or partial surrender value of the insurance;
- (3) the terms and conditions of investment of the assets of the unit-linked fund;
- (4) the rules for and dates of valuation of participation units in the unit-linked fund;

- (5) the details and amount of fees deducted from insurance premiums, from the assets of unit-linked funds or through redemption of participation units in unit-linked funds;
 - (6) the rules for investing the funds from insurance premiums in participation units in the unit-linked fund, the dates of conversion of insurance premiums into participation units and the rules for the redemption of participation units in the unit-linked fund and for the conversion of such units into cash.
2. The terms and conditions of investment of the assets of the unit-linked fund shall specify:
- (1) the investment objective of the unit-linked fund;
 - (2) the types and kinds of the securities and other property rights invested by the unit-linked fund;
 - (3) a description of the assets of the unit-linked fund, the criteria for the selection of assets, the rules for asset diversification and other investment limitations;
 - (4) information on the policyholder's or the insured's investment risk.
3. In a unit-linked life insurance contract, the insurance undertaking shall specify the dates by which:
- (1) participation units in the unit-linked fund will be purchased after the insurance premiums are paid;
 - (2) participation units in the unit-linked fund will be redeemed following submission of an application for the payment of a benefit under the insurance contract and the payment of the benefit will be made, as well as an application for the payment of the full or partial surrender value of the insurance contract.

Article 24. 1. In the life insurance contract referred to in Division I, class 3, of the appendix to the Act and whose benefits are determined by reference to indices or other reference values, the insurance undertaking shall provide information about:

- (1) the assets in which the insurance premium is or will be invested, and the proportion in which the premium is or will be invested in each such asset;
- (2) the indices or other reference values used to determine benefits so as to allow for identification of such indices or other values;
- (3) the rules for determination of the value of benefits under the insurance contract in the event of the insured's death or where the insured is alive at the end of the policy term, and the rules for determination of the full or partial surrender value of the insurance;
- (4) the guaranteed amounts of benefits under the insurance contract if the terms and conditions of insurance provide for such guaranteed amounts;
- (5) the fixing dates for the indices or reference values used to determine the value of benefits under the insurance contract;
- (6) sources of information on the value of indices or other reference values used to determine the value of benefits under the insurance contract;
- (7) details and amounts of fees charged by the insurance undertaking;
- (8) the rules for settlement between the parties to the insurance contract which apply if:
 - (a) it is impossible to determine the value of a benefit because it is impossible to determine, during the term of the insurance contract, the value of an index or other reference value, or
 - (b) the insurance undertaking believes that the method for the determination of the value of an index or other reference value was changed significantly during the term of the insurance contract;

(9) the dates and method of providing information on the values of the indices or other reference values used to determine benefits.

2. In the case of life insurance contracts where the values of benefits are determined using indices or other reference values and which are concluded on another person's account, in particular group insurance contracts, the insurance undertaking shall provide the person concerned, before that person joins such a contract, with information referred to in Paragraph 1, in writing or, subject to the policyholder's consent, on any other durable medium.

Pre-contract information:

Under Article 21 of the Act, before entering into a unit-linked insurance contract or a life insurance contract under which the benefit of the insurance undertaking is determined on the basis of specific indices or other reference values, the insurance undertaking shall obtain, by means of a questionnaire, from the policyholder, information on the policyholder's needs, knowledge and experience in the area of life insurance and on the policyholder's financial situation and shall submit an offer of insurance appropriate for the policyholder's needs.

Under the said provision:

Article 21. 1. Before entering into a contract of insurance referred to in Division I, class 3, of the appendix to the Act, the insurance undertaking shall obtain, by means of a questionnaire, from the policyholder, information on the policyholder's needs, knowledge and experience in the area of life insurance and on the policyholder's financial situation, to be able to assess what insurance contract will be adequate to the policyholder's needs.

2. For a contract of insurance concluded for on another person's account, in particular group insurance referred to in Division I, class 3, of the appendix to the Act, the insurance undertaking shall obtain, by means of a questionnaire, information on the insured as referred to in Paragraph 1, before the insured gives his/her consent to be covered by the insurance contract concluded by the policyholder, so that the insurance undertaking could assess whether that insurance contract is appropriate for the insured's needs.

3. Following the analysis of information referred to in Paragraph 1, the insurance undertaking shall offer to the policyholder insurance appropriate for the policyholder's needs and provide the reasons for such offers, in particular the identified needs of the policyholder and explanation of how the offers satisfy such needs.

4. If the analysis of information referred to in Paragraph 1 shows that the policyholder's needs are inadequate to the policyholder's experience, knowledge in the area of life insurance or to the policyholder's financial situation, or if there is no insurance appropriate for the policyholder's needs, the insurance undertaking shall provide the policyholder with such information and, at the same time, warn the policyholder that no appropriate insurance may be offered based on the result of the analysis or from the range of insurance products offered by the insurance undertaking. The policyholder shall confirm, in writing, the receipt of such information and state in writing that the policyholder is aware of the warning. In such a case, no insurance contract may be concluded with the policyholder, unless at the policyholder's written request.

5. In the case described in Paragraph 2, the insurance undertaking shall provide the insured, before the insured gives their consent to be covered by the contract concluded by the policyholder, with a recommendation of such cover and a statement of reasons for the

recommendation. The reasons shall include in particular the identified needs of the insured and an explanation of how the cover provided under the insurance contract meets such needs. The provisions of Paragraphs 3 and 4 apply to the insured and the insurance undertaking, accordingly.

6. If the policyholder or the insured refuses to complete the questionnaire referred to in Paragraphs 1 or 2, the provisions of Paragraphs 3 and 5 shall not apply.

7. The provisions of Paragraphs 1–5 shall not apply to occupational pension schemes operated as a group life insurance contract referred to in the *Act of 20 April 2004 on occupational pension schemes* (Journal of Laws 2019, item 850).

The detailed scope of minimum information to be provided in the questionnaire has been laid down in *Regulation of the Minister of Finance of 2 February 2016 on the minimum scope of information to be provided in the questionnaire regarding the needs of the policyholder and/or the insured* (Journal of Laws of 10 February 2016).

Additional information requirements for contracts of insurance concluded on another person's account, in particular a group insurance contract, have been laid down in Article 19 of the Act. Under the said provision:

Article 19. In insurance contracts concluded on another person's account, in particular group insurance contracts, if the insured's consent is necessary to provide cover or if the insured agrees to pay the insurance premium, then if a copy of the terms and conditions of the contract is not delivered to the insured before such consent is given, the insurance undertaking shall not make a reference to provisions limiting or excluding its liability or to provisions setting out the consequences of the insured's failure to comply with their obligations or provisions imposing certain obligations on the insured.

The Act provides for information requirements in respect of the law governing the contract:

Article 25. Before the conclusion of an insurance contract, the insurance undertaking shall inform the policyholder being a natural person in respect of:

- (1) the law governing the contract, if the parties to the contract are not free to choose the governing law;
- (2) the governing law proposed by the insurance undertaking, if the parties to the contract are free to choose the governing law;
- (3) the method and procedure for considering complaints lodged by the policyholder or the insurance beneficiary, as well as of the authority competent to consider such complaints.

Special regulations on fees and commissions

The *Act of 11 September 2015 on the business of insurance and reinsurance* provides for prohibition of compensating the policyholder under a contract on another person's account, in particular a group insurance contract.

Under Article 18 of the Act:

Article 18. 1. In insurance contracts on another person's account, in particular group insurance contracts, the policyholder shall not receive any remuneration or other benefit in connection with offering insurance coverage or with any activities relating to the performance of the

insurance contract This shall not preclude the insured's choice to undertake, towards the policyholder, to pay the cost of the insurance premium.

2. The prohibition of remuneration or other benefits as referred to in Paragraph 1 shall also apply to any person acting for or on behalf of the policyholder.

3. The first sentence of Paragraph 1 and the provision of Paragraph 2 shall not apply to group insurance contracts concluded for the account of employees, persons performing work under a civil-law contract or members of their families, or to insurance contracts concluded for the account of members of associations, self-governing professional organisations or trade unions.

In addition, the Act contains special provisions concerning regulations on distribution of insurance intermediary's commission connected with the conclusion of a unit-linked life insurance contract, and in a life insurance contract where the amount of the benefit is determined on the basis of specific indices or other reference values referred to in Division I, class 3 of the appendix to the Act.

Under Article 23(5–7) of the Act:

5. In a unit-linked life insurance contract concluded for a period of no more than 5 years, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that such remuneration should be spread evenly over the period of expenses on account of the insurance intermediary's commission during term of insurance specified in the insurance contract.

6. In a unit-linked life insurance contract concluded for a period of more than 5 years or for an indefinite period, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that the such remuneration should be spread evenly over the period of expenses on account of the insurance intermediary's commission in a period of at least 5 years.

7. The provisions of Paragraphs 5 and 6 shall not apply to insurance contracts in which the guaranteed benefit in the event of the insured's death however caused is greater than ten times the annual premium payable under that contract in each of the first 5 years of its term.

Under Article 24(3–4) of the Act:

3. In life insurance contracts where the values of benefits are determined on the basis of indices or other reference values and which are concluded for a term not longer than 5 years, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that such remuneration should be spread evenly over the period of expenses on account of the insurance intermediary's commission in the insurance period specified in the insurance contract.

4. In life insurance contracts where the values of benefits are determined using indices or other reference values and which are concluded for a period of more than 5 years or for an indefinite period, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that such remuneration should be spread evenly over a period of expenses on account of the insurance intermediary's commission in a period of at least 5 years.

The maximum amount of fees relating to rescission or termination of a life insurance contract has been laid down in Article 26(4) of the Act. Under the said provision, in the case of termination of or withdrawal from a unit-linked life insurance contract, the insurance undertaking shall pay the value of the units in the unit-linked funds as at the date of receipt of

the notice of termination or withdrawal from the contract, reduced by no more than 4 %. The insurance undertaking may reduce the payment by the costs of the insurance cover provided, unless such costs have already been settled. If the insured paid the costs of the insurance premium, the policyholder shall immediately return, to the insured, any amounts paid by the insurance undertaking.

Third party liability insurance of motor vehicle owners:

Under Article 208 of the *Act of 22 May 2003 on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*, a foreign insurance undertaking established in an EU Member State which intends, under the freedom to provide insurance services, to pursue, in the territory of the Republic of Poland, a business in respect of compulsory third party liability insurance of motor vehicle owners, with the exception of third party liability of a carrier, shall submit to the supervisory authority, through a competent supervisory authority of the state in which the insurance undertaking is established:

(1) names and addresses of claim representatives authorised to represent the insurance undertaking to the extent necessary to

- (a) address and satisfy claims filed, and
- (b) to provide legal representation of the undertaking in disputes before Polish common courts,

(2) statement of membership of the Polish Motor Insurers' Bureau.

If a foreign insurance undertaking does not appoint representatives referred to above, the supervisory authority may agree to the insurance undertaking being represented to the extent referred to above by a claim representative appointed by that insurance undertaking in the territory of the Republic of Poland.

Under Article 12(1) of the Act, as of the date of conclusion of the first contract, the insurance undertaking pursuing the insurance business in respect of third party liability insurance of motor vehicle owners for damage resulting from the movement of such vehicles shall come, by virtue of law, a member of the Insurance Guarantee Fund in that class of insurance. The membership of the Polish Motor Insurers' Bureau is awarded:

- on the day on which the undertaking obtained authorisation to pursue insurance business – for a domestic insurance undertaking,
- on the day of submission of the membership declaration – for a foreign insurance undertaking established in an EU Member State,
- on the day of obtaining authorisation to pursue insurance business in the territory of the Republic of Poland through a branch – for a foreign insurance undertaking established in a non-EU country.

Detailed provisions laying down the methods for conclusion and termination of a contract of compulsory insurance of motor vehicle owners and the related duties have been specified in Chapters 1 and 2 — in particular Articles: 5, 5a, 6, 8, 12(2), 14, 22a, 28, 28a, 30 and 34a of the *Act on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*.

Life insurance contracts:

Polish law, in accordance with Article 36 and Annex III to Directive 2002/83/EC concerning life assurance (Official Journal L 345/1 of 19 December 2002), requires insurance undertakings

offering life insurance to meet a number of information requirements with respect to entities concluding such contracts of insurance. The said requirements are regulated in Articles 20, 22, 23, 24(1), 26(5) of the Act (the substance of Articles 15–27 of the Act is presented in Appendix No 2 hereto).

Moreover, in the light of Article 25 of the Act, before entering in an insurance contract, an insurance undertaking shall provide the policyholder being a natural person information regarding:

- (1) the law governing the contract, if the parties do not enjoy the freedom to choose the governing law;
- (2) the governing law proposed by the insurance undertaking, if the parties enjoy the freedom to choose the governing law;
- (3) the method and procedure for considering complaints lodged by the policyholder or the insurance beneficiary, as well as information regarding the authority competent to consider such complaints.

Compulsory insurance:

In many cases, the provisions of Polish law provide for an obligation to conclude a insurance contract of a given type under certain circumstances. Article 4 of the Act on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau contains a list of compulsory insurance types:

- (1) third party liability insurance of motor vehicle owners for damage resulting from the movement of such vehicles, hereinafter referred to as 'third party liability insurance of motor vehicle owners';
- (2) farmer third party liability insurance for possession of a farm, hereinafter referred to as 'farmer third party liability insurance';
- (3) insurance of buildings being part of a farm against fire and other acts of God, hereinafter referred to as 'farm building insurance';
- (4) insurance resulting from provisions of separate statutory laws or international agreements ratified by the Republic of Poland, imposing on certain entities the obligation to conclude an insurance contract.

Moreover, the said act also regulates:

- basic terms and conditions the compulsory insurance contract should meet,
- special duties of insurance undertakings in relation to conclusion and performance of compulsory insurance contracts,
- rules on which insurance undertakings are granted membership of the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau.

Under Article 5(2) of the *Act on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*, an insurance undertaking authorised to pursue insurance business in areas covering compulsory insurance shall not refuse to conclude a compulsory insurance contract if, as part of its insurance business, the undertaking concludes such insurance contracts.

If an insurance undertaking concludes third party liability insurance contracts, then, under Article 30(1) of the said act, in connection with conclusion of a third party liability insurance of motor vehicle owners, the insurance undertaking shall pay a registration fee in the amount in PLN equivalent to EUR 1.0, determined at the average exchange rate published by the National

Bank of Poland according to the table of exchange rates No 1 in the year of contract conclusion. The fee shall constitute the revenue of the Fund — the Central Vehicles and Drivers Register referred to in Article 80d(2) of the *Act on road traffic* (consolidated text: Journal of Laws 2018, item 1990, as amended).

Insurance mediation:

The rules of insurance distribution, including the rules for using services of insurance intermediaries, are laid down in the *Act of 15 December 2017 on insurance distribution*.

According to the distribution rules applicable in the territory of the Republic of Poland, an intermediary acting for and on behalf of an insurance undertaking is referred to as insurance agent or ancillary insurance agent.

Under Article 3(1) point 2 of the said act, an insurance agent means a business owner engaged in agency activities under an agency contract concluded with an insurance undertaking and entered in the register of insurance agents. An insurance undertaking which intends to use the services of insurance agents or ancillary insurance agents having their place of residence or head office in the territory of Poland must apply for entering an agent in the register kept by the supervisory authority. An entry in the relevant register is the underlying condition for starting an agency business. Detailed rules for making an entry in the register are laid down in the said act and implementing acts issued thereunder. The amount of the stamp duty for entry or change of data in the register is specified in the *Act of 16 November 2006 on stamp duty* (consolidated text: Journal of Laws 2018, item 1044, as amended).

An insurance undertaking in an EU Member State may use the services of insurance agents and/or ancillary insurance agents it has established in another EU Member State, provided that such an intermediary completes a notification procedure as required by the Act on insurance distribution and by Directive (EU) 2016/97 on insurance distribution (IDD).

An intermediary acting for and on behalf of a client is an insurance broker.

Where an insurance intermediary acts for and on behalf of an entity which seeks insurance coverage, the Polish law defines such an intermediary as insurance broker. Under Article 30(1) of the *Act on insurance distribution*, an insurance broker shall not:

- (1) engage in agency business, agency activities, distribution activities of an insurance undertaking or distribution activities of a reinsurance undertaking;
- (2) have a permanent contractual relationship with any insurance undertaking, reinsurance undertaking, insurance agent or ancillary insurance agent;
- (3) be a member of supervisory or management bodies of an insurance undertaking, reinsurance undertaking, insurance agent or ancillary insurance agent;
- (4) hold shares of any insurance undertaking or reinsurance undertaking, with the exception of shares admitted to trading on a regulated market;
- (5) hold shares of any insurance agent or ancillary insurance agent, with the exception of shares admitted to trading on a regulated market;
- (6) be in any other relationship which might compromise the pursuit of the business of insurance distribution in accordance with the requirements laid down in Article 7(1).

Insurance distribution carried out directly by insurance undertakings

The main legal act which regulates the rules of conducting business in the area of distribution of personal and property insurance and distribution of reinsurance is the Act of 15 December 2017 on insurance distribution.

Insurance distribution means a business pursued exclusively by an insurance distributor which consists in:

- (1) providing advice, suggesting or performing other preparatory activities aimed at conclusion of an insurance contract or insurance guarantee contracts;
- (2) concluding insurance contracts or insurance guarantee contracts on behalf of an insurance undertaking, for or on behalf of a client, or directly by an insurance undertaking;
- (3) providing, by an insurance intermediary, of assistance in the management and performance of insurance contracts and/or insurance guarantee contracts, as well as in cases regarding compensation or benefits.

Insurance distribution consists also in providing information regarding one or more insurance contracts or insurance guarantee contracts according to the criteria selected by a client through websites and/or other media, and in developing a ranking of insurance products including comparison of prices and premiums under an insurance contract or insurance guarantee contract, where a client can enter into, directly or indirectly, an insurance contract or insurance guarantee contract through websites or other media.

Information requirements towards a client in relation to the performance of insurance distribution

Most of information requirements indicated below have already been indicated in other parts of these 'general good' rules. This applies to Articles 18 and 19 of the Act on the business of insurance and reinsurance and Articles 3–10 of the Act of 5 August 2015 on the complaint handling procedure of financial market entities and on Financial Ombudsman. A reference to those provisions made in the title 'Insurance distribution carried out directly by insurance undertakings' is to highlight the requirements which result from those provisions for an insurance undertaking which is a direct distributor of insurance.

The Republic of Poland applies special provisions on distribution of unit-linked life insurance contracts and life insurance contracts under which the performance of the insurance undertaking is determined on the basis of specified indices or other reference values, i.e. the insurance referred to in class 3 of Division I of the appendix to the *Act of 11 September 2015 on the business of insurance and reinsurance*, which regulates the conduct of business rules.

Information on the application of the option concerning the application of stricter provisions contained in Article 29(3) of Directive on insurance distribution.

Article 21 of the Act on the business of insurance and reinsurance contains provisions regarding the requirement to assess clients' needs, knowledge and experience in the area of life insurance and their financial situation to recommend an insurance contract appropriate for the client's needs.

Article 21. 1. Before entering into a contract of insurance referred to in Division I class 3 of the appendix to the Act, the insurance undertaking shall obtain, by means of a questionnaire, from the policyholder, information on the policyholder's needs, knowledge and experience in the area of life insurance and on the policyholder's financial situation, to be able to assess what insurance contract will be appropriate for the policyholder's needs.

2. For a contract of insurance concluded for on another person's account, in particular group insurance referred to in Division I, class 3, of the appendix to the Act, the insurance undertaking

shall obtain, by means of a questionnaire, information on the insured as referred to in Paragraph 1, before the insured gives his/her consent to be covered by the insurance contract concluded by the policyholder, so that the insurance undertaking could assess whether that insurance contract is appropriate for the insured's needs.

3. Following the analysis of information referred to in Paragraph 1, the insurance undertaking shall offer to the policyholder insurance appropriate for the policyholder's needs and provide the reasons for such offers, in particular the identified needs of the policyholder and explanation of how the offers satisfy such needs.

4. If the analysis of information referred to in Paragraph 1 shows that the policyholder's needs are inadequate to the policyholder's experience, knowledge in the area of life insurance or to the policyholder's financial situation, or if there is no insurance appropriate for the policyholder's needs, the insurance undertaking shall provide the policyholder with such information and, at the same time, warn the policyholder that no appropriate insurance may be offered based on the result of the analysis or from the range of insurance products offered by the insurance undertaking. The policyholder shall confirm, in writing, the receipt of such information and state in writing that the policyholder is aware of the warning. In such a case, no insurance contract may be concluded with the policyholder, unless at the policyholder's written request.

5. In the case described in Paragraph 2, the insurance undertaking shall provide the insured, before the insured gives their consent to be covered by the contract concluded by the policyholder, with a recommendation of such cover and a statement of reasons for the recommendation. The reasons shall include in particular the identified needs of the insured and an explanation of how the cover provided under the insurance contract meets such needs. The provisions of Paragraphs 3 and 4 apply to the insured and the insurance undertaking accordingly.

5a. Before an insurance contract is concluded or the insured agrees to insurance coverage, the insurance undertaking shall submit information referred to in Paragraphs 3–5 to the policyholder or the insured in writing or (subject to the consent of the policyholder or the insured) on any other durable medium.

5b. If an insurance contract is concluded or the insured agrees to insurance coverage using the means of distance communication which prevent prior submission of information referred to in Paragraphs 3–5, the insurance undertaking may submit such information to the policyholder or the insured in writing or (subject to the consent of the policyholder or the insured) on any other durable medium, immediately after the conclusion of the insurance contract or after the consent to the insurance coverage is given, if:

(1) the policyholder or the insured agreed to receive such information immediately after the conclusion of the contract or after the consent to insurance cover is given, and

(2) the insurance undertaking allowed the policyholder or the insured to conclude the contract or to give their consent to insurance coverage at a later date so that the insurance undertaking may receive such information before such conclusion of the contract or before such consent is given.

5c. In the case referred to in Paragraph 5b, the policyholder or the insured may rescind the insurance contract without stating reasons, and if the insurance contract has been concluded on another person's account, the insured may withdraw from the insurance contract with the effect of termination of the contract without stating reasons by making a written statement within 30 days of confirmation of receipt of information referred to in Paragraphs 3–5. The time limit shall be deemed observed if the statement has been sent before the lapse of such time limit. The

policyholder or the insured shall not bear the costs associated with the termination of the insurance contract.

6. If the policyholder or the insured refuses to complete the questionnaire referred to in Paragraphs 1 or 2, the provisions of Paragraphs 3 and 5 do not apply.

7. The provisions of Paragraphs 1–5 do not apply to occupational pension schemes operated as a group life insurance contract referred to in the Act of 20 April 2004 on occupational pension schemes (Journal of Laws 2019, item 1449; and 2018, items 1091, 1608, 1629 and 2215), and employees' capital pension schemes as referred to in the Act of 4 October 2018 on employees' capital pension schemes.

8. The minister competent for financial institutions shall specify, by means of a regulation, the minimum scope of data to be provided in the questionnaire referred to in Paragraphs 1 and 2, ensuring that information collected by means of the questionnaire allows for identification of the needs of the policyholder or the insured.

Before entering into the life insurance contract referred to in class 3 of Division I of the appendix to the *Act on the business of insurance and reinsurance*, it is necessary to inform the client about the rate of distribution costs associated with the proposed contract. Such requirement applies to insurance undertakings, insurance agents, and insurance brokers (Article 22(2), Article 23(2), Article 32(2) of the *Act on insurance distribution*).

Special requirements for insurance contracts concluded on another person's account and for group insurance contracts.

Article 18 of the *Act on the business of insurance and reinsurance* provides for a prohibition of compensating the policyholder, with the exception of insurance of employees provided by the employer. Thus the distributor shall not compensate the policyholder in any form for the conclusion, by the policyholder, of an insurance contract on another person's account, in particular group insurance contract.

Article 18 1. In the case of insurance contracts on another person's account, in particular group insurance contracts, the policyholder shall not receive any remuneration or other benefits in connection with offering such insurance or with any activities related to the performance of the insurance contract. This shall not preclude the insured's choice to undertake, towards the policyholder, to pay the cost of the insurance premium.

2. The prohibition of remuneration or other benefits as referred to in Paragraph 1 shall also apply to any person acting for or on behalf of the policyholder.

3. The first sentence of Paragraph 1 and the provision of Paragraph 2 shall not apply to group insurance contracts concluded for the account of employees, persons performing work under a civil-law contract or members of their families, or to insurance contracts concluded for the account of members of associations, self-governing professional organisations or trade unions.

Article 19. In insurance contracts concluded on another person's account, in particular group insurance contracts, if the insured's consent is necessary to provide cover or if the insured agrees to pay the insurance premium, then if a copy of the terms and conditions of the contract is not delivered to the insured before such consent is given, the insurance undertaking shall not make a reference to provisions limiting or excluding its liability or to provisions setting

out the consequences of the insured's failure to comply with their obligations or provisions imposing certain obligations on the insured.

Complaint handling

Under the *Act of 5 August 2015 on the complaint handling procedure of financial market entities and on Financial Ombudsman*, financial market entities are required to consider a complaint made by a client who is a natural person. A failure to reply to a proper complaint within 30 days, and in particularly complex cases within 60 days, of submission of the complaint, is deemed to constitute an implied decision to handle the complaint according to the client's will. Detailed regulations in that regard are contained in Chapter 2 'Complaint handling procedure of financial market entities' of the *Act on the complaint handling procedure of financial market entities and on the Financial Ombudsman* (Articles 3–10 of the said Act):

Article 3. 1. A complaint may be submitted to any of the organisational units of a financial market entity which provide customer service.

2. A complaint may be submitted:

(1) in writing—in person, to any of the organisational units of a financial market entity which provide customer service, or by post as defined in Article 3 point 21 of the *Act of 23 November 2012—the Postal Law* (Journal of Laws 2018, item 2188);

(2) orally—by phone or in person to the official report during the client's visit at the organisational unit referred to in Paragraph 1;

(3) electronically, using means of electronic communication, if such means have been prescribed for that purpose by the financial market entity.

Article 4. 1. A financial market entity shall include, in the contract concluded with a client, the following information on the procedure for submitting and handling complaints:

(1) place and form of submission of the complaint;

(2) time limit for reviewing the complaint;

(3) method of notification of the final decision on the complaint.

2. With regard to the clients who have not entered into a contract with a financial market entity, information referred to in Paragraph 1 shall be delivered within 7 days of the day on which the client raised claims against the financial market entity.

Article 5. 1. After the client submits the complaint in accordance with the requirements referred to in Article 4(1) point 1, the financial market entity shall review the complaint and reply to the client in paper form or by means of any other durable medium.

2. The reply referred to in Paragraph 1 may only be submitted by the financial market entity by e-mail at the client's request.

Article 6. The reply referred to in Article 5(1) shall be submitted without undue delay but no later than 30 days of receipt of the complaint. To meet the above-mentioned time limit, it is necessary to send the reply before the lapse of that time limit.

Article 7. In particularly complicated cases, where it is not possible to handle and respond to the complaint within the time limit referred to in Article 6, the financial market entity shall, in the notice to the client who submitted the complaint:

(1) explain the reason of the delay;

(2) indicate the circumstances to be established for the purpose of handling the case;

(3) indicate the expected time limit for handling the complaint and sending the reply which shall not exceed 60 days of receipt of the complaint.

Article 8. A failure to observe the time limit specified in Article 6, and in certain cases the time limit specified in Article 7, the complaint is deemed to constitute an implied decision to handle the complaint according to the client's will.

Article 9. The reply referred to in Article 5(1) should contain, in particular:

- (1) factual and legal grounds, unless the complaint has been handled according to the client's will;
- (2) exhaustive information on the opinion of the financial market on the objections raised, including indication of appropriate parts of the contract template or appropriate contract;
- (3) full name of the person sending the reply, with an indication of that person's job position;
- (4) specification of the time limit in which the claim raised in the complaint handled according to the client's will is to be satisfied (the time limit shall not exceeding 30 days of the date of the reply).

Article 10. Where the claims raised in the client's complaint are not accepted, the reply referred to in Article 5(1) should also include instructions on the possibility to:

- (1) appeal against the opinion expressed in the reply where the financial market entity provides for an appeal procedure, as well as the procedure to be followed to file such appeal;
- (2) use mediation or arbitration or any other arrangement for amicable resolution of disputes where the financial market entity provides for such possibility;
- (3) apply to the Financial Ombudsman for case review;
- (4) bring an action to a common court, indicating the entity to be sued and the court having territorial jurisdiction to examine the case.

The requirements concerning giving the answer to the complaint within a set time limit also apply to a complaint made by a client who is a legal person or organisational unit without legal personality and have been laid down in Article 16 of the Act on insurance distribution:

Article 16(1). An insurance undertaking shall answer to a complaint made by a client who is a legal person or organisational unit without legal personality within 30 days of receiving the complaint. To meet the above-mentioned time limit, it is necessary to send the reply before the lapse of that time limit.

Insurance economic self-government

Under Article 420 of the Act, domestic and foreign insurance undertakings pursuing business in the territory of the Republic of Poland must establish an insurance economic self-government. An organisation acting as an insurance economic self-government is the Polish Insurance Association (PL: Polska Izba Ubezpieczeń—PIU).

In the light of Article 422 of the Act, the membership of the Association is mandatory and starts on the day on which an insurance undertaking starts an insurance business in the territory of the Republic of Poland. The membership in the Association ceases upon adoption of a resolution on voluntary liquidation, or after the decision on compulsory liquidation becomes final and binding.

Detailed regulations, including those concerning the rights and duties of members of the Association, are included in Chapter 16 of the Act and in the Statutes of the PIU.

Protection of insurance service users

The authorities whose statutory objectives include protection of policyholders, the insured and insurance beneficiaries are the supervisory authority and the Financial Ombudsman.

The supervisory authority is the Polish Financial Supervision Authority (PL: *Komisja Nadzoru Finansowego*—KNF), referred to in the *Act of 21 July 2006 on financial market supervision*

(hereinafter: ‘KNF’). Under Article 3 of the *Act of 22 May 2003 on the supervision of insurance and pension funds* (consolidated text: Journal of Laws 2019, item 207), the purpose of supervision is to protect the interests of policyholders, the insured, beneficiaries, members of pension funds, members of occupational pension schemes, persons receiving annuities or their beneficiaries.

The Financial Ombudsman operates under the *Act of 5 August 2015 on the complaint handling procedure of financial market entities and on Financial Ombudsman*. Under Article 17 of the said act, the Financial Ombudsman undertakes activities with regard to protection of financial service users whose interests are represented by the Financial Ombudsman, in particular: examines applications in individual cases filed as a result of a failure by a financial entity to consider claims of a client under the complaint handling procedure, examines applications concerning non-performance of acts resulting from a complaint considered according to a client’s will, reviews bills of laws concerning the organisation and operation of financial entities, submits requests to competent authorities for a legislative initiative or for issuance of or amendment to other legal acts with regard to organisation and operation of the financial market, notifies supervisory and inspection authorities of irregularities identified in the operation of financial entities, initiates and organises educational and information activities in the field of protection of the interests of financial market entities.

Under the *Act on the complaint handling procedure of financial market entities and on the Financial Ombudsman*, a failure to reply to a proper complaint within 30 days, and in particularly complex cases within 60 days, of submission of the complaint, is deemed to constitute an implied decision to handle the complaint according to the client’s will. Detailed regulations in that regard are contained in Chapter 2 ‘Complaint handling procedure of financial market entities’ of the *Act on the complaint handling procedure of financial market entities and on the Financial Ombudsman* (Articles 3–10 of the said act).

Information about clients’ health

Under Article 38 of the Act, an insurance undertaking may obtain, against payment, from the undertakings providing medical services as defined in the *Act on medical activity* which provided medical services to the insured or to the person for the account of whom the insurance contract is to be concluded, information on circumstances relating to the assessment of underwriting risk and to the verification of the health information provided by that person, the determination of that person’s entitlement to a benefit under that insurance contract, and the amount of that benefit. The request for information is submitted by a doctor authorised by the insurance undertaking, however the request of the insurance undertaking requires a written consent of the insured or of a person for the benefit of whom the insurance contract is to be concluded or her/his statutory representative. Subject to the consent of the data subject or his/her statutory representative expressed in writing, the insurance undertaking may, upon written request of another insurance undertaking, make the personal data available to another insurance undertaking. The data may be made available for the purpose of:

- assessment of underwriting risk,
- verification of the data provided by the policyholder or the insured or by the person for the account of whom the insurance contract is to be concluded,
- determination of the insured’s right to benefit under the existing insurance contract and the amount of the benefit,
- providing information, held by the insurance undertaking, on the cause of death of the insured or information which is necessary to determine the insured's right to benefit under the existing insurance contract and the amount of the benefit.

Distance contracts

Act of 30 May 2014 on consumer's rights (consolidated text: Journal of Laws 2019, item 134, as amended) provides for conclusion of contracts for provision of consumer financial services, including insurance contracts.

Territorial jurisdiction of domestic courts

Under Article 10 of the Act, an action for a claim under an insurance contract may be brought either according to the provisions on general jurisdiction or before a court having jurisdiction over the place of residence or head office of the policyholder, the insured or the insurance beneficiary. For compulsory insurance, Article 20(1) of the *Act on compulsory insurance, Insurance Guarantee Fund and the Polish Motor Insurers' Bureau* stipulates that an action for a claim under compulsory insurance contracts or covering claims under such insurance may be filed either according to provisions on general competence or by the court having jurisdiction over the place of residence or head office of the aggrieved party or the insurance beneficiary.

Protection of competition

The legal framework for fair competition in the financial market, i.e. including the insurance market, is laid down in the *Act of 16 April 1993 on counteracting unfair competition* (consolidated text: Journal of Laws 2018, item 419).

Tax rules applicable to insurance undertakings

The core laws governing the Polish tax system include:

1. *Act of 29 August 1997—Tax Ordinance* (consolidated text: Journal of Laws 2018, item 800, as amended),
2. *Act of 11 March 2004 on goods and services tax* (consolidated text: Journal of Laws 2018, item 2174, as amended),
3. *Act of 15 February 1992 on corporate income tax* (consolidated text: Journal of Laws 2018, item 1036, as amended),
4. *Act of 26 July 1991 on personal income tax* (consolidated text: Journal of Laws 2018, item 1509, as amended),
5. *Act of 9 September 2000 on tax on civil-law transactions* (consolidated text: Journal of Laws 2017, item 1150, as amended),
6. *Act of 12 January 1991 on local taxes and fees* (consolidated text: Journal of Laws 2018, item 1445, as amended).

In addition, stamp duty is public duty of non-tax nature, paid in relation to administrative activities, such as e.g. entry of an insurance agent in the register of insurance intermediaries, being regulated in detail by the *Act on stamp duty*.

Under Article 3 of the *Act on corporate income tax*, taxpayers who have their registered office or management in the territory of the Republic of Poland are required to pay tax on their total income, irrespective of where it is generated. Whereas taxpayers who do not have a registered office or management in the territory of the Republic of Poland are only required to pay tax on the income generated in the territory of the Republic of Poland (limited fiscal obligation). An income generated in the territory of the Republic of Poland is understood, in particular, as income which derives from activities conducted in the territory of the Republic of Poland or from Polish residents. At the same time it is necessary to take into account appropriate provisions of double taxation agreements concluded between Poland and the other EU Member States.

Tax rulings which are binding for a taxpayer may be issued, under authorisation in Article 14a of the Tax Ordinance, by tax authorities relevant for the taxpayer, payer and collector. The authorities provide—in writing, upon a written request of the taxpayer, payer or collector—information on the application of Polish tax law in individual cases in which no tax proceedings or tax inspection or proceedings before an administrative court are pending.

The jurisdiction of a tax authority is determined according to the Tax Ordinance, the provisions of *Regulation of the Minister of Finance of 22 August 2005 on the jurisdiction of tax authorities* (consolidated text: Journal of Laws 2017, item 122, as amended), and—in the case of liabilities on account of the goods and services tax—the provisions of the *Act on the goods and services tax* (Article 3).

Appendix No 1: extract from the Civil Code Title XXVII. INSURANCE CONTRACT

SECTION I. GENERAL PROVISIONS

Article 805 § 1. By an insurance contract, the insurer commits, within the scope of operations of its enterprise, to make a specific performance if an event provided for in the contract occurs, and the policyholder commits to pay a premium.

§ 2. The insurer's performance consists particularly in paying:

- (1) in property insurance—the specified compensation for damage caused by an event provided for in the contract;
- (2) in personal insurance—the agreed amount of money, annuity or other performance if an event provided for in the contract occurs in the life of the insured.

§ 3. The provisions of this Code on annuity do not apply to annuity paid under an insurance contract.

§ 4. Articles 385¹–385³ apply accordingly if the policyholder is a natural person executing a contract related directly to his business or professional activity.

Article 806 § 1. An insurance contract is invalid if the occurrence of the event provided for therein is not possible.

§ 2. Insurance coverage for a period preceding contract execution is ineffective if, at the contract execution time, either party knew or using due care should have learned that the event had occurred or that the possibility of its occurrence no longer existed.

Article 807 § 1. The general terms and conditions of insurance or provisions of an insurance contract contrary to the provisions of this title are invalid unless further regulations provide for exceptions.

§ 2. (repealed)

Article 808 § 1. The policyholder may execute an insurance contract on another person's account. The insured need not be named in the contract unless it is necessary in order to determine the object of the insurance.

§ 2. The insurer may raise claims for premium payment only against the policyholder. The insurer may raise a defence affecting his liability also against the insured.

§ 3. The insured is entitled to demand due performance directly from the insurer unless the parties have agreed otherwise; such an agreement, however, cannot be made if the event has already occurred.

§ 4. The insured may demand that the insurer provide him with information on the provisions of the contract executed and the general terms and conditions of insurance to the extent they apply to the insured's rights and obligations.

§ 5. If an insurance contract is not directly related to the business or professional activity of an insured natural person, Articles 385¹–385³ apply accordingly to the extent to which the contract relates to the insured's rights and obligations.

Article 809 § 1. The insurer is obliged to confirm execution of the contract by an insurance document.

§ 2. Subject to the exception provided for in Article 811, in case of doubt, a contract is deemed executed upon delivery of the insurance document to the policyholder.

Article 810 (repealed)

Article 811 § 1. If, in response to an offer, the insurer delivers to the policyholder an insurance document containing provisions which differ to the policyholder's disadvantage from the policyholder's offer, the insurer is obliged to point this fact out to the policyholder in writing upon delivery of the document, giving him at least seven days to raise objections. If this obligation is not fulfilled, changes made to the policyholder's disadvantage are ineffective and the contract is executed in accordance with the terms and conditions of the offer.

§ 2. In the absence of objections, the contract comes into effect in accordance with the insurance document on the day following the day on which the time limit set for raising objections passes.

Article 812 § 1. (repealed)

§ 2. (repealed)

§ 3. (repealed)

§ 4. If an insurance contract is executed for a term longer than six months, the policyholder has the right to rescind the insurance contract within 30 days and, if the policyholder is an entrepreneur, within 7 days of contract execution. If the insurer fails to inform, at the time of contract execution at the latest, the policyholder who is a consumer about the right to rescind the contract, the 30 days' time limit runs from the day on which the policyholder who is a consumer learned about that right. The rescission of the insurance contract shall not release the policyholder from the obligation to pay the premium for the period in which the insurer provided insurance coverage.

§ 5. If the contract is executed for a fixed term, the insurer may terminate it only in the instances set forth in the law and for good cause set forth in the contract of the general terms and conditions of insurance.

§ 6. (repealed)

§ 7. (repealed)

§ 8. The insurer is obliged to present the difference between the wording of the contract and the general terms and conditions of insurance to the policyholder in writing before contract execution. If this obligation is not fulfilled, the insurer cannot rely on a difference disadvantageous to the policyholder. This provision does not apply to insurance contracts executed through negotiations.

§ 9. The provisions of § 5 and § 8 apply accordingly to a change in the general terms and conditions of insurance during the term of the contractual relationship. This does not prejudice the application of Article 384¹.

Article 813 § 1. The premium is calculated for the term of the insurer's liability. If the insurance relationship expires before the end of the period for which the contract was executed, the policyholder is entitled to reimbursement of the premium for the period during which insurance coverage was not used.

§ 2. Unless otherwise agreed, the premium should be paid at the time that insurance contract is executed and if the contract came into effect before the insurance document was delivered, within fourteen days of delivery.

Article 814 § 1. Unless otherwise agreed, the insurer's liability starts from the day following the contract execution date, not earlier, however, that the day following the date the premium or its first instalment is paid.

§ 2. If the insurer is liable even before the premium or its first instalment is paid and the premium or its first instalment is not paid on time, the insurer may terminate the contract with immediate effect and demand payment of the premium for the period during which it was liable. If the contract is not terminated, it expires at the end of the period for which the unpaid premium was due.

§ 3. If the premium is paid in instalments, failure to pay the next premium instalment on time may result in the insurer's liability ceasing only if such consequences are provided for in the contract or the general terms and conditions of insurance, and the insurer, after the period has passed, calls on the policyholder to pay with the sanction that failure to pay within 7 days of receiving the call for payment will extinguish the liability.

Article 815 § 1. The policyholder is obliged to disclose to the insurer all the circumstances known to it about which the insurer has enquired in the offer form or in other letters before contract execution. If the policyholder executes the contract through a representative, this obligation also rests on the representative and also covers the circumstances known to the representative. If the insurer executes the insurance contract despite receiving no reply to particular enquiries, the omitted circumstances are deemed insignificant.

§ 2. If the insurance contract stipulates that during the contract term, any change in the circumstances referred to in the preceding paragraph should be reported, the policyholder is obliged to notify the insurer of those changes immediately on learning of them. This provision does not apply to life insurance.

§ 2¹. If the insurance contract is executed on another person's account, the obligations set forth in the preceding paragraphs rest on the policyholder and the insured unless the insured did not know about the contract having been executed on his account.

§ 3. The insurer is not liable for the effects of circumstances about which, in violation of the preceding paragraphs, he was not informed. If the preceding paragraphs are breached due to wilful misconduct, in case of doubt it is assumed that an event provided for in the contract and its consequences result from the circumstances referred to in the preceding sentence.

Article 816 If circumstances are disclosed which significantly change the likelihood of an event, each party may demand an appropriate change in the amount of the premium from the time the circumstance occurred, though not earlier than from the beginning of the current insurance period. If such a demand is made, the other party may, within 14 days, terminate the contract with immediate effect. This provision does not apply to life insurance.

Article 817 § 1. The insurer is obliged to make the performance within thirty days of being notified of the event.

§ 2. If it is not possible to clarify the circumstances needed to determine the insurer's liability or the amount of the performance within the above period, the performance should be made within 14 days of the day on which, having used due care, it was possible to clarify the circumstances. However, the insurer should make the undisputed part of the performance within the period set forth in § 1.

§ 3. An insurance contract or the general terms and conditions of insurance may contain provisions more advantageous for the entitled person than those set forth in the preceding paragraphs.

Article 818 § 1. An insurance contract or the general terms and conditions of insurance may provide that the policyholder is obliged to notify the insurer of an event within a specified period.

§ 2. If an insurance contract is executed on another person's account, the obligation set forth in the preceding paragraph may be imposed both on the policyholder and on the insured unless the insured does not know about the insurance contract being executed on his account.

§ 3. In the event of breach of the obligations set forth in the preceding paragraphs, due to wilful misconduct or gross negligence, the insurer may accordingly reduce the performance, if the breach contributes to an increase in the damage or prevents the insurer from establishing the circumstances and consequences of the event.

§ 4. Failure to notify the insurer of an event has no consequences if the insurer was notified of the circumstances which should have been disclosed to it within the notification period.

Article 819 § 1. Claims under an insurance contract become barred by a statute of limitations after three years.

§ 2. (repealed)

§ 3. In the case of third party liability insurance, the aggrieved party's claims against the insurer for compensation or recompense become barred by the statute of limitations after the period provided for such a claim in the provisions on liabilities for damage caused by tort or arising from non-performance or improper performance of an obligation.

§ 4. The running of the limitations period of a claim for a performance against an insurer is also interrupted by a claim being filed with the insurer or by an event covered by the insurance being reported. The limitations period starts running anew from the day on which the party filing the claim or reporting the event receives a written declaration from the insurer according or refusing the performance.

Article 820 The provisions in this title do not apply to maritime insurance or individual insurance (reinsurance).

SECTION II. PROPERTY INSURANCE

Article 821 Property insurance may cover any property interest which is not unlawful and which may be assessed in money.

Article 822 § 1. By a third party liability insurance contract, the insurer commits to pay the compensation set forth in the contract for any damage caused to third parties with regard to whom liability for damage is borne by the policyholder or the insured.

§ 2. Unless the parties have agreed otherwise, a third party liability insurance contract covers the damage referred to in § 1 arising from an event provided for in the contract which occurred during the insurance period.

§ 3. The parties may decide that the contract will cover damage arising, disclosed or reported in the insurance period.

§ 4. The loss payee, in connection with an event covered by a third party liability insurance contract, may raise claims directly against the insurer.

§ 5. The insurer cannot raise against the loss payee a defence of breach by the policyholder or the insured of obligations arising from the contract or the general terms and conditions of insurance if the breach occurred after the event.

Article 823 § 1. If the object of the insurance is transferred, the rights under the insurance contract may be transferred to the acquirer of the insurance object. The transfer of those rights requires the insurer's consent unless the insurance contract or the general terms and conditions of insurance provide otherwise.

§ 2. In the event the rights referred to in § 1 are transferred, the acquirer of the object also assumes the obligations borne hitherto by the transferor unless, with the insurer's consent, the parties agreed otherwise. Despite the transfer of the obligations, the transferor is jointly and severally with the acquirer liable for paying the premium due for the period until the object of the insurance is transferred to the acquirer.

§ 3. If the rights referred to in § 1 are not transferred to the acquirer of the insurance object, the insurance relationship is extinguished upon the transfer of the insurance object to the acquirer.

§ 4. The provisions of § 1–3 do not apply to the transfer of claims which arise or could arise as a result of an event provided for in the contract.

Article 824 § 1. Unless otherwise agreed, the insurance sum set in the contract constitutes the upper limit of the insurer's liability.

§ 2. If, after the contract is executed, the value of the insured property decreases, the policyholder may demand an appropriate reduction in the insurance sum. The insurer may unilaterally reduce the insurance sum for the same reason, notifying the policyholder of this fact at the same time.

§ 3. A reduction in the insurance sum entails an appropriate reduction in the premium starting from the first day of the month in which the policyholder demands a reduction in the insurance sum or in which the insurer notifies the policyholder of the unilateral reduction in this sum.

Article 824¹. § 1. Unless otherwise agreed, the sum of money paid out by the insurer under insurance cannot be higher than the damage suffered.

§ 2. If the same insurance object is at the same time insured against the same risk by two or more insurers for amounts which in total exceed its insurable value, the policyholder cannot demand performance in excess of the damage. Among the insurers, each is liable in the proportion in which the insurance sum accepted by that insurer is to the total sums arising from double or multiple insurance.

§ 3. If, in any of the insurance contracts referred to in § 2, it is agreed that the sum paid out by the insurer under the insurance may be higher than the damage suffered, the policyholder may demand performance in excess of the amount of damage only from that insurer. In this case, in order to establish liability among the insurers, it should be assumed that, in the insurance referred to in this paragraph, the insurance sum is equal to the insurable value.

Article 825 (repealed)

Article 826 § 1. If an event occurs, the policyholder is obliged to use all measures available to it in order to rescue the insurance object and to prevent or reduce damage.

§ 2. An insurance contract or the general terms and conditions of insurance may provide that, if an event occurs, the policyholder is obliged to secure the possibility of claims for compensation being brought against the persons liable for the damage.

§ 3. If the policyholder has intentionally or due to gross negligence failed to use the measures referred to in § 1, the insurer is released from liability for the resulting damage.

§ 4. The insurer is obliged, within the limits of the insurance sum, to reimburse the costs of using the measures referred to in § 1 if the measures were purposeful even if they proved

ineffective. The contract of the general terms and conditions of insurance may contain provisions more advantageous for the policyholder.

§ 5. In the case of insurance taken out on another persons' account, the provisions of the preceding paragraphs also apply to the insured.

Article 827 § 1. The insurer is released from liability if the policyholder causes damage intentionally. In the event of gross negligence, compensation is not due unless the contract or the general terms and conditions of insurance provide otherwise or the payment of compensation in the given circumstances is in line with the equitable principle.

§ 2. Third party liability insurance may set forth different principles for the insurer's liability than those set forth in § 1.

§ 3. Unless otherwise agreed, the insurer is not liable for any damage caused intentionally by a person with whom the policyholder lives in a common household.

§ 4. If an insurance contract is executed on another person's account, the principles set forth in the preceding paragraphs apply accordingly to the insured.

Article 828 § 1. Unless otherwise agreed, as of the day the insurer pays the compensation, the policyholder's claim against the third party liable for the damage is transferred by force of law to the insurer up to the amount of the compensation paid. If the insurer covers only part of the damage, the policyholder has priority of satisfaction of the remaining part over the insurer's claim.

§ 2. The policyholder's claims against persons with whom the policyholder lives in a common household are not transferred to the insurer unless the perpetrator causes the damage intentionally.

§ 3. The principles arising from the preceding paragraphs apply accordingly if an insurance contract is executed on another person's account.

SECTION III. PERSONAL INSURANCE

Article 829 § 1. Personal insurance may especially cover:

- (1) in life insurance—the death of the insured or attainment by the insured of a certain age;
- (2) in accident insurance—bodily injury, health disorder or death due to an accident.

§ 2. In a life insurance contract executed on another person's account, the insurer's liability starts not earlier than on the day following the day when the insured states to the part named in the contract that he wishes to take advantage of the insurance coverage stipulated to his benefit. Such a declaration should also include the insurance sum. An amendment to the contract to the detriment of the insured or the beneficiary in the event of the insured's death requires the insured's consent.

Article 830 § 1. In personal insurance, the policyholder may terminate the contract at any time with the notice period set forth in the contract or in the general terms and conditions of insurance, and where there is no such notice period, with immediate effect.

§ 2. In the absence of a stipulation to the contrary, a contract is deemed terminated by the policyholder if the premium or an instalment is not paid in the period set forth in the contract or in the general terms and conditions of insurance despite a prior call for payment within an additional period set forth in the general terms and conditions of insurance; the call for payment should inform the policyholder of the consequences of non-payment of the premium.

§ 3. An insurer may terminate a life insurance contract only in the instances specified in the law.

§ 4. The provisions of § 3 and Article 812 § 8 apply accordingly in the event of a change in the general terms and conditions of life insurance during the contractual relationship. This does not prejudice the application of Article 384¹.

Article 831 § 1. The policyholder may indicate one or more persons entitled to receive the insurance sum in the event of the insured's death; he may also execute a contract of insurance payable to the bearer. The policyholder may change or revoke either of those stipulations at any time.

§ 1¹. If an insurance contract is executed on another person's account, the exercise of the rights referred to in the preceding paragraph requires the insured's prior consent; the contract or the general terms and conditions of insurance may provide that those rights may be exercised by the insured independently.

§ 2. If several beneficiaries have been named and their respective shares in the sum have not been indicated, their shares are equal.

§ 3. An insurance sum due to the beneficiary is not included in the insured's estate.

Article 832 § 1. An indication of the beneficiary that will receive the insurance sum becomes ineffective if the beneficiary dies prior to the death of the insured or if the beneficiary has intentionally contributed to the insured's death.

§ 2. If, at the time of the insured's death, there is no beneficiary, the insurance sum is due to the immediate family of the insured in the order set forth in the general terms and conditions of insurance unless otherwise agreed.

Article 833 In life insurance, the insured's suicide does not release the insurer from the performance obligation if the suicide occurs two years after the insurance contract execution. The insurance contract or the general terms and conditions of insurance may shorten this period, though to not less than six months.

Article 834 If an event occurs three years after the life insurance contract execution, the insurer cannot raise the defence that untrue information was given upon execution of the contract, especially that an illness of the insured was concealed. The insurance contract or the general terms and conditions of insurance may shorten that period.

Appendix No 2: Act on the business of insurance and reinsurance (Articles 15–27)

Article 15. 1. Insurance cover shall be provided by insurance undertakings under insurance contracts concluded with policyholders.

2. Insurance contracts shall be voluntary contracts, subject to the provisions of the *Act of 22 May 2003 on compulsory insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*.

3. Insurance contracts, general terms and conditions of insurance, as well as other contract templates shall be worded clearly and without ambiguity.

4. General terms and conditions of insurance and other contract templates shall be published on the insurance undertaking's website.

5. The provisions of insurance contracts, general terms and conditions of insurance and other contract templates which are ambiguous shall be interpreted to the benefit of the policyholder, the insured or the insurance beneficiary.

Article 16. The general terms and conditions of insurance shall specify, in particular:

- (1) the type of insurance and the object insured;
- (2) the requirements for changes in the sum insured or the guaranteed sum where such changes are permitted by the general terms and conditions of insurance;
- (3) the rights and obligations of the parties to the insurance contract;
- (4) the scope of the insurance undertaking's liability;
- (5) the method of determining the value of damage in the case of property insurance;
- (6) the method of determining the amount of compensation or other benefits if the general terms and conditions of insurance provide for exceptions from the statutory law;
- (7) the method of determining and paying the insurance premium;
- (8) the method and procedure for the indexation of insurance premiums if such indexation is provided for in the general terms and conditions of insurance;
- (9) the procedure and requirements for changes to the insurance contract if it is a contract for an indefinite term;
- (10) the prerequisites, procedure and time limit for the termination of the insurance contract if termination is provided for in the general terms and conditions of insurance, as well as the prerequisites, procedure and time limit for withdrawal from group insurance contracts;
- (11) the time limit and procedure for rescission of the insurance contract.

Article 17. 1. The contract templates, in particular general terms and conditions of insurance, used by insurance undertakings shall contain information indicating which provisions deal with:

- (1) the prerequisites for the payment of compensation and other benefits or surrender value of the insurance contract;

- (2) the limitations and exclusions of the insurance undertaking's liability which entitle it to refuse to pay compensation and other benefits or to reduce them;
- (3) the costs and all other charges deducted from insurance premiums, from the assets of unit-linked funds or through redemption of participation units in unit-linked funds;
- (4) the surrender value of the insurance contract in each period of cover, and the period during which no claims for the payment of the surrender value are accepted.

2. In the case of an insurance contract concluded on another person's account, in particular a group insurance contract, the insurance undertaking shall provide information described in Paragraph 1, through the policyholder, to the person concerned before that person joins such a contract, in writing or, with the consent of that person, on any other durable medium.

3. The minister competent for financial institutions shall define, by means of a regulation, how information referred to in Paragraph 1 must be drawn up, taking into account the need to ensure the legibility and clarity of such information.

Article 18. 1. In the case of insurance contracts on another person's account, in particular group insurance contracts, the policyholder shall not receive any remuneration or other benefits in connection with offering such insurance or with any activities related to the performance of the insurance contract. This shall not preclude the insured's choice to undertake, towards the policyholder, to pay the cost of the insurance premium.

2. The prohibition of remuneration or other benefits as referred to in Paragraph 1 shall also apply to any person acting for or on behalf of the policyholder.

3. The first sentence of Paragraph 1 and the provision of Paragraph 2 shall not apply to group insurance contracts concluded for the account of employees, persons performing work under a civil-law contract or members of their families, or to insurance contracts concluded for the account of members of associations, self-governing professional organisations or trade unions.

4. Before joining the group insurance contract referred to in Paragraph 3, the policyholder shall submit to the person interested in joining such a contract information on:

- (1) the insurance undertaking's legal name and address of its head office;
- (2) the nature of remuneration as defined in the Act on insurance distribution received in connection with the proposed conclusion of the group insurance contract;
- (3) the option for filing a complaint and for out-of-court resolution of disputes.

5. For group insurance contracts referred to in Paragraph 3, the provisions of Article 7 of the Act on insurance distribution apply to the policyholder accordingly.

Article 19. In the case of insurance contracts on another person's account, in particular group insurance contracts, if the insured's consent is necessary to provide cover or if the insured agrees to pay the insurance premium, then if a copy of the terms and conditions of the contract is not delivered to the insured before such consent is given, the insurance undertaking shall not make a reference to the provisions limiting or excluding its liability or provisions setting out the consequences of the insured's failure to comply with their obligations or imposing certain obligations on the insured.

Article 20. 1. To the extent of insurance referred to in Division I of the appendix to the Act, an insurance undertaking shall include the following in the insurance contract:

- (1) definitions of the benefits;
- (2) the amount of the insurance premium for each basic and additional benefit if the benefits are divided in the contract into basic benefits and additional benefits;
- (3) the rules for determining the benefits provided under the contract, in particular the method(s) for calculating and granting bonuses, discounts and participation in the insured's profits; the technical rate, the surrender value and the sum insured if the insurance contract is converted into a non-premium contract, where these are guaranteed; the costs and other charges deducted by the insurance undertaking with the payment of benefits;
- (4) a description of those factors in the methods for the calculation of technical provisions for accounting purposes which may affect the amount of the benefit paid by the insurance undertaking or the surrender value of the insurance contract;
- (5) references to the provisions of law concerning taxes on the benefits paid by the insurance undertaking;
- (6) the location where the insurance undertaking's solvency and financial condition report is made available.

2. To the extent of the insurance referred to in Division I of the appendix to the Act, the insurance undertaking shall, before the parties give their consent to a change in the terms and conditions of the contract or a change of the law governing the contract, provide the policyholder, in writing or, with the policyholder's consent, on any other durable medium, with such information and specify the effect of such changes on the amounts of the benefits under the contract.

3. To the extent of the insurance referred to in Division I of the appendix to the Act, the insurance undertaking shall inform the policyholder, in writing or, with the policyholder's consent, of any other durable medium, at least once a year, subject to Paragraph 8, of the amounts of the benefits under the contract if any such amount is changed during the term of the insurance contract, and of the surrender value of the insurance contract if such a value is payable in respect of that contract. If the insurance contract provides for a benefit based on the sum insured denominated in an agreed currency, the insurance undertaking shall inform the policyholder of any change in the sum insured.

3a. If the insurance undertaking committed to submit, at certain intervals, the assessment referred to in Article 22(2) point 7, information referred to in Paragraph 3 shall also contain the assessment of suitability of the life insurance contract (if it is a unit-linked contract) for the policyholder's needs.

4. To the extent of the insurance referred to in Division I of the appendix to the Act, the insurance undertaking shall inform the policyholder, in writing or, with the policyholder's consent, on any other durable medium, at least once a year, subject to Paragraph 8, of the amount of the bonus payable if the insurance contract provides for the policyholder's participation in the profit from investing technical provisions for accounting purposes.

5. Information referred to in Paragraphs 2–4 may also be provided by the insurance undertaking, with the policyholder's consent, by means of electronic communication.

6. In the case of an insurance contract concluded on another person's account, in particular a group insurance contract, the insurance undertaking shall provide information specified in Paragraphs 2-4 to the policyholder in writing or, with the consent of that person, on any other durable medium. Such information shall be provided to the insured:

- (1) before the policyholder agrees to a change of the terms of the contract or a change of the law applicable to the insurance contract—for information referred to in Paragraph 2;
- (2) immediately after it is submitted by the insurance undertaking to the policyholder—for information referred to in Paragraphs 3 and 4.

7. In the case of an insurance contract concluded on another person's account, in particular a group insurance contract, the insurance undertaking shall, at the insured's request, provide information referred to in Paragraphs 2-4.

8. The insurance undertaking shall provide the policyholder with information referred to in Paragraphs 3 and 4, for the first time, not earlier than after 10 months and not later than 14 months of the date of conclusion of the contract.

Article 21. 1. Before entering into a contract of insurance referred to in Division I, class 3, of the appendix to the Act, the insurance undertaking shall obtain, by means of a questionnaire, from the policyholder, information on the policyholder's needs, knowledge and experience in the area of life insurance and on the policyholder's financial situation, to be able to assess what insurance contract will be adequate to the policyholder's needs.

2. For a contract of insurance concluded for on another person's account, in particular group insurance referred to in Division I, class 3, of the appendix to the Act, the insurance undertaking shall obtain, by means of a questionnaire, information on the insured as referred to in Paragraph 1, before the insured gives his/her consent to be covered by the insurance contract concluded by the policyholder, so that the insurance undertaking could assess whether that insurance contract is appropriate for the insured's needs.

3. Following the analysis of information referred to in Paragraph 1, the insurance undertaking shall offer to the policyholder insurance appropriate for the policyholder's needs and provide the reasons for such offers, in particular the identified needs of the policyholder and explanation of how the offers satisfy such needs.

4. If the analysis of information referred to in Paragraph 1 shows that the policyholder's needs are inadequate to the policyholder's experience, knowledge in the area of life insurance or to the policyholder's financial situation, or if there is no insurance appropriate for the policyholder's needs, the insurance undertaking shall provide the policyholder with such information and, at the same time, warn the policyholder that no appropriate insurance may be offered based on the result of the analysis or from the range of insurance products offered by the insurance undertaking. The policyholder shall confirm, in writing, the receipt of such information and state in writing that the policyholder is aware of the warning. In such a case, no insurance contract may be concluded with the policyholder, unless at the policyholder's written request.

5. In the case described in Paragraph 2, the insurance undertaking shall provide the insured, before the insured gives their consent to be covered by the contract concluded by the policyholder, with a recommendation of such cover and a statement of reasons for the recommendation. The reasons shall include in particular the identified needs of the insured and an explanation of how the cover provided under the insurance contract meets such needs. The

provisions of Paragraphs 3 and 4 apply to the insured and the insurance undertaking accordingly.

5a. Before an insurance contract is concluded or the insured agrees to insurance coverage, the insurance undertaking shall submit information referred to in Paragraphs 3–5 to the policyholder or the insured in writing or (subject to the consent of the policyholder or the insured) on any other durable medium.

5b. If an insurance contract is concluded or the insured agrees to insurance coverage using the means of distance communication which prevent prior submission of information referred to in Paragraphs 3–5, the insurance undertaking may submit such information to the policyholder or the insured in writing or (subject to the consent of the policyholder or the insured) on any other durable medium, immediately after the conclusion of the insurance contract or after the consent to the insurance coverage is given, if:

- (1) the policyholder or the insured agreed to receive such information immediately after the conclusion of the contract or after the consent to insurance cover is given, and
- (2) the insurance undertaking allowed the policyholder or the insured to conclude the contract or to give their consent to insurance coverage at a later date so that the insurance undertaking may receive such information before such conclusion of the contract or before such consent is given.

5c. In the case referred to in Paragraph 5b, the policyholder or the insured may rescind the insurance contract without stating reasons, and if the insurance contract has been concluded on another person's account, the insured may withdraw from the insurance contract with the effect of termination of the contract without stating reasons by making a written statement within 30 days of confirmation of receipt of information referred to in Paragraphs 3–5. The time limit shall be deemed observed if the statement has been sent before the lapse of such time limit. The policyholder or the insured shall not bear the costs associated with the termination of the insurance contract.

6. If the policyholder or the insured refuses to complete the questionnaire referred to in Paragraphs 1 or 2, the provisions of Paragraphs 3 and 5 shall not apply.

7. The provisions of Paragraphs 1–5 do not apply to occupational pension schemes operated in the form of a group life insurance contract as referred to in the *Act of 20 April 2004 on occupational pension schemes* (Journal of Laws 2016, item 1449).

8. The minister competent for financial institutions shall specify, by means of a regulation, the minimum scope of data to be provided in the questionnaire referred to in Paragraphs 1 and 2, ensuring that information collected by means of the questionnaire allows for identification of the needs of the policyholder or the insured.

Article 22. 1. Before the conclusion of a unit-linked life insurance contract referred to in Division I, class 3 of the appendix to the Act, the insurance undertaking shall provide the person interested in concluding the contract with basic information about the contract, in writing or, with the policyholder's consent, on any other durable medium.

2. Information referred to in Paragraph 1 shall include, in particular:

- (1) the purpose and nature of the contract;
- (2) the list of benefits under the contract and the list of unit-linked funds under the contract;

- (3) the details and amounts of fees charged by the insurance undertaking;
- (4) the risk profile of the unit-linked funds;
- (5) the recommended minimum duration of the contract, including the reasons for such recommendation, taking into account the investment horizon of the unit-linked fund;
- (6) information on the policyholder's or the insured's investment risk (if any);
- (7) information whether the insurance undertaking will submit to the policyholder or the insured, at certain intervals, the assessment of suitability of insurance to their needs.

3. Information referred to in Paragraph 1 shall specify where and how additional information on unit-linked funds is available.

4. Information referred to in Paragraph 1 shall be clear and not misleading and shall be provided without ambiguity.

5. In the case of an insurance contract referred to in Division I, class 3 of the appendix to the Act, if the contract is a unit-linked contract concluded on another person's account, in particular a group insurance contract, the insurance undertaking shall provide the person interested in joining the contract with information referred to in Paragraph 1, in writing or, subject to the policyholder's consent, on any other durable medium. The provisions of Paragraphs 2–4 apply accordingly.

Article 23. 1. In the life insurance contract referred to in Division I, class 3, of the appendix to the Act, if the contract is a unit-linked insurance contract, the insurance undertaking shall specify:

- (1) a list of unit-linked funds offered under the insurance contract;
- (2) the rules for determining the value of the benefits under the insurance contract in the event of the insured's death or where the insured is alive at the end of the policy term, and the rules for determining the full or partial surrender value of the insurance;
- (3) the terms and conditions of investment of the unit-linked fund's assets;
- (4) the rules for and dates of valuation of the participation units in the unit-linked fund;
- (5) the details and amounts of the fees deducted from insurance premiums, from the assets of unit-linked funds or through redemption of participation units in unit-linked funds;
- (6) the rules for investing the funds collected as insurance premiums in participation units in a unit-linked fund, the dates of conversion of insurance premiums into such participation units and the rules for the redemption of participation units in a unit-linked fund and for the conversion of such units into cash.

2. The terms and conditions of investment of the assets of the unit-linked fund shall specify:

- (1) the investment objective of the unit-linked fund;
- (2) the types and kinds of the securities and other economic rights invested by the unit-linked fund;

(3) a description of the unit-linked fund's assets, the criteria for the selection of asset, the rules for asset diversification and other investment limitations;

(4) information on the policyholder's or the insured's investment risk.

3. In a unit-linked life insurance contract, the insurance undertaking shall specify the dates by which:

(1) an investment in participation units in the unit-linked fund will be made after the insurance premiums are paid;

(2) participation units in the unit-linked fund will be redeemed based on an application for the payment of a benefit under the insurance contract and the payment of the benefit will be made, as well as an application for the payment of the full or partial surrender value of the insurance contract.

4. In the case of a life insurance contract, if it is a unit-linked contract, the insurance undertaking shall

(1) determine the value of the participation units in the unit-linked fund at least once a month;

(2) publish, at least once a year, on its website, the value of the participation unit in the unit-linked fund determined in the month preceding the month of publication;

(3) draw up and publish annual and semi-annual reports of the unit-linked fund.

5. In a unit-linked life insurance contract concluded for a period of no more than 5 years, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that such remuneration should be spread evenly over the period of expenses on account of the insurance intermediary's commission during term of insurance specified in the insurance contract.

6. In a unit-linked life insurance contract concluded for a period of more than 5 years or for an indefinite period, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that the such remuneration should be spread evenly over the period of expenses on account of the insurance intermediary's commission in a period of at least 5 years.

7. The provisions of Paragraphs 5 and 6 shall not apply to insurance contracts in which the guaranteed benefit in the event of the insured's death however caused is greater than ten times the annual premium payable under that contract in each of the first 5 years of its term.

8. The minister competent for financial institutions shall define, by means of a regulation, the detailed scope of information to be disclosed in the reports referred to in Paragraph 4 point 3, as well as the format and method of drawing up of such reports and the time limit and method for the publication of such reports, taking into account the need to provide adequate and complete information on the unit-linked fund to policyholders, the insured and the beneficiaries.

Article 24. 1. In the life insurance contract referred to in Division I, class 3, of the appendix to the Act and whose benefits are determined by reference to indices or other reference values, the insurance undertaking shall provide information about:

- (1) the assets in which the insurance premium is or will be invested, and the proportion in which the premium is or will be invested in each such asset;
- (2) the indices or other reference values used to determine benefits so as to allow for identification of such indices or other value;
- (3) the rules for determination of the value of benefits under the insurance contract in the event of the insured's death or where the insured is alive at the end of the policy term, and the rules for determination of the full or partial surrender value of the insurance;
- (4) the guaranteed amounts of benefits under the insurance contract if the terms and conditions of insurance provide for such guaranteed amounts;
- (5) the fixing dates for the indices or reference values used to determine the value of benefits under the insurance contract;
- (6) sources of information on the value of indices or other reference values used to determine the value of benefits under the insurance contract;
- (7) details and amounts of fees charged by the insurance undertaking;
- (8) the rules for settlement between the parties to the insurance contract which apply if:
 - (a) it is impossible to determine the value of a benefit because it is impossible to determine, during the term of the insurance contract, the value of an index or other reference value, or
 - (b) the insurance undertaking believes that the method for the determination of the value of an index or other reference value was changed significantly during the term of the insurance contract;
- (9) the dates and method of providing information on the values of the indices or other reference values used to determine benefits.

2. In the case of life insurance contracts where the values of benefits are determined using indices or other reference values and which are concluded on another person's account, in particular group insurance contracts, the insurance undertaking shall provide the person concerned, before that person joins such a contract, with information referred to in Paragraph 1, in writing or, subject to the policyholder's consent, on any other durable medium.

3. In life insurance contracts where the values of benefits are determined on the basis of indices or other reference values and which are concluded for a term not longer than 5 years, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that such remuneration should be spread evenly over the period of expenses on account of the insurance intermediary's commission in the insurance period specified in the insurance contract.

4. In life insurance contracts where the values of benefits are determined using indices or other reference values and which are concluded for a period of more than 5 years or for an indefinite period, the insurance undertaking shall, in respect of the insurance intermediary's remuneration, follow the rule that such remuneration should be spread evenly over a period of expenses on account of the insurance intermediary's commission in a period of at least 5 years.

Article 25. Before the conclusion of an insurance contract, the insurance undertaking shall inform the policyholder being a natural person in respect of:

- (1) the law governing the contract, if the parties to the contract are not free to choose the governing law;
- (2) the governing law proposed by the insurance undertaking, if the parties to the contract are free to choose the governing law;
- (3) the method and procedure for considering complaints lodged by the policyholder or the insurance beneficiary, as well as of the authority competent to consider such complaints.

Article 26. 1. The policyholder may rescind the life insurance contract referred to in Division I, class 3 of the appendix to the Act and whole life or term insurance contracts in which the benefit payable if the insured is alive at the end of the term of the contract is equal to the insurance premium increased by a rate specified in the insurance contract, within 60 days of the first receipt of information referred to in Article 20(3).

2. In the case of life insurance contracts concluded on another person's account, as referred to in Division I, class 3 of the appendix to the Act, and a whole life or term life insurance contract concluded on another person's account in which the benefit payable if the insured is alive at the end of the term of the contract is equal to the insurance premium increased by a rate specified in the insurance contract, with the effect of rescission of that insurance contract within 60 days of the first receipt, in accordance with Article 20(6) point 2, of the annual information referred to in Article 20(3) and 20(4).

3. In the event of rescission of or withdrawal from the life insurance contract referred to in Division I, class 3 of the appendix to the Act in which benefits are based on specified indices or other reference values, as well as a whole life or term life insurance contract in which the benefit payable if the insured is alive at the end of the term of the contract is equal to the insurance premium increased by a rate specified in the insurance contract, the insurance undertaking shall pay the premiums paid less not more than 4%. The insurance undertaking may reduce the payment by the costs of the insurance cover provided, unless such costs have already been settled. If the insured paid the costs of the insurance premium, the policyholder shall immediately return, to the insured, any amounts paid by the insurance undertaking.

4. In the case of rescission of or withdrawal from a unit-linked life insurance contract, the insurance undertaking shall pay the value of the units in the unit-linked funds as at the date of receipt of the notice of termination or withdrawal from the contract, reduced by no more than 4%. The insurance undertaking may reduce the payment by the costs of the insurance cover provided, unless such costs have already been settled. If the insured paid the costs of the insurance premium, the policyholder shall immediately return, to the insured, any amounts paid by the insurance undertaking.

5. In the case of the life insurance contract referred to in Division I, class 3 of the appendix to the Act and a whole life or term insurance contract in which the benefit payable if the insured is alive at the end of the term of the contract is equal to the insurance premium increased by a rate specified in the insurance contract, the annual information referred to in Article 20(3) and first provided by the insurance undertaking shall also include the following information:

- (1) the policyholder's or the insured's right to rescind the insurance contract or to withdraw from the insurance contract with the effect of rescission of the insurance contract, respectively;
- (2) the value of the participation units in the insurance capital funds as at the day when such information is first given:

(3) the amount of a reduction, if any, in the premiums paid or the value of the units in the unit-linked funds in the event of rescission of or withdrawal from a life insurance contract.

Article 27. 1. The legal expenses insurance referred to in Division II, class 17 of the appendix to the Act shall be based on the insurance undertaking's obligation, in return for the payment of an insurance premium, to cover the costs of court proceedings and other services directly connected with such insurance cover, particularly for the purpose of:

- (1) securing compensation for the loss, damage or bodily injury suffered by the insured, through out-of-court settlement or through civil or criminal proceedings;
- (2) defending or representing the insured in civil, criminal, administrative or other proceedings or in respect of any claim made against that person.

2. In the case of the legal expenses insurance referred to in Division II, class 17 of the appendix to the Act, the insurance contract shall not include any additional insurance classes, unless such insurance classes are included in a separate part of the insurance contract and unless a separate insurance premium has been determined in respect of such classes.

3. As part of the legal expenses insurance referred to in Division II, class 17 of the appendix to the Act, the insured has the right to choose a practising lawyer (*adwokat* or *radca prawny*) to defend, represent or support their interests in court or administrative proceedings.

4. An insurance undertaking that conducts the business of legal expenses insurance referred to in Division II, class 17 of the appendix to the Act shall ensure that its personnel dealing with claims under contracts for such insurance are not engaged in similar activities:

- (1) in relation to any other class of insurance offered by the insurance undertaking;
- (2) at an insurance undertaking being the parent undertaking or subsidiary undertaking of that insurance undertaking if that parent undertaking or subsidiary undertaking pursues the business of insurance referred to in Division II of the appendix to the Act.

5. In the case of the legal expenses insurance referred to in Division II, class 17 of the appendix to the Act, the insurance contract shall contain information that the parties to the contract may agree to submit any dispute between the insurance undertaking providing such legal expenses insurance and the insured for resolution by arbitration or that such a dispute may be resolved otherwise as long as the resolution is comparably objective.

6. In the case of the legal expenses insurance referred to in Division II, class 17 of the appendix to the Act, where a conflict of interests or a difference of opinion occurs regarding the resolution of such a dispute, the insurance undertaking providing such legal expenses insurance shall inform the insured of their right to choose a practising lawyer (*adwokat* or *radca prawny*) to defend, represent or support their interests in court or administrative proceedings, and that the parties to the contract may agree to submit any dispute between the insurance undertaking providing such legal expenses insurance and the insured for resolution by arbitration or that such a dispute may be resolved otherwise as long as such other method of dispute resolution is comparably objective.

7. The provisions of Paragraphs 1–6 do not apply to:

- (1) legal expenses insurance where such insurance concerns disputes or risks arising from, or in connection with, the use of sea-going vessels;

(2) the activities pursued by an insurance undertaking providing third party liability cover for the purpose of defending or representing or supporting the interests of the insured in any court or administrative proceedings where such activity is at the same time pursued in the own interest of that insurance undertaking under such cover;

(3) the business of legal expenses insurance undertaken by an insurance undertaking providing legal expenses insurance which complies with the following conditions:

(a) the business is conducted in an EU Member State other than the one in which the insured is habitually resident,

(b) the business forms part of a contract covering solely the assistance provided for persons who fall into difficulties while travelling, while away from their home or their habitual residence.

8. In the case described in Article 7(3), the insurance undertaking shall state that the cover in question is limited to the circumstances referred to in Paragraph 7(3) and is ancillary to the assistance.

Appendix No 3

Compulsory insurance in Polish law (legal basis in the parenthesis)

1. Third party liability insurance of motor vehicle owners for damage resulting from the movement of such vehicles (Article 4(1) of the *Act on compulsory insurance, Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*);
2. Third party liability insurance of farmers for possession of a farm (Article 4 point 2 of the *Act on compulsory insurance, Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*);
3. Insurance of buildings being part of a farm against fire and other acts of God (Article 4 point 3 of the *Act on compulsory insurance, Insurance Guarantee Fund and the Polish Motor Insurers' Bureau*);
4. Third party liability insurance of legal counsel (Article 22⁷(1) of the *Act of 6 July 1982 on legal counsel*, consolidated text: Journal of Laws 2017, item 1870, as amended);
5. Third party liability insurance of attorneys-at-law (Article 8a(1) of the *Act of 26 May 1982 on the bar*, consolidated text: Journal of Laws 2017, item 2368, as amended);
6. Third party liability insurance of public notaries (Article 19a of the *Act of 14 February 1991 on notaries public*, consolidated text: Journal of Laws 2017, item 2291, as amended);
7. Third party liability insurance of an audit firm on account of performance of financial audit (Article 53(1) of the *Act of 11 May 2017 on statutory auditors, audit firms and public supervision*, Journal of Laws 2017, item 1089, as amended);
8. Third party liability insurance of healthcare entities for damage resulting from the provision of medical services or unlawful omission to provide medical services (Article 17(1) point 4(a) of the *Act of 15 April 2011 on medical activity*, consolidated text: Journal of Laws 2018, item 160, as amended);
9. Third party liability insurance of entities authorised to provide services in respect of account keeping, periodic determination of actual assets and liabilities, valuation of assets and liabilities, and determination of the financial result, preparation of financial statements and collection and storage of documentary evidence, for damage caused in connection with the business pursued (Article 76h(1) of the *Accounting Act of 29 September 1994*, consolidated text: Journal of Laws 2018, item 395, as amended);
10. Third party liability insurance of tax advisers (Article 44(1) of the *Act of 5 July 1996 on tax advisory services*, consolidated text: Journal of Laws 2018, item 377, as amended);
11. Third party liability insurance of property appraisers for any damage arising from or in connection with the performance of activities in respect of real property estimation and valuation (Article 175(4) of the *Act of 21 August 1997 on real property management*, consolidated text: Journal of Laws 2018, item 121, as amended);
12. Third party liability insurance of real estate agents for any damage arising from or in connection with the performance of agency activities (Article 181(3) of the *Act on real property management*);
13. Third party liability insurance of property managers for any damage arising from, or in connection with the performance of management activities (Article 186(3) of the *Act on real property management*);

14. Third party liability insurance of mass event organisers for any damage caused to participants of mass events with an entry fee (Article 53(1) of the *Act of 20 March 2009 on mass event security*, consolidated text: Journal of Laws 2017, item 1160, as amended);
15. Third party liability insurance of tour operators on behalf of their clients (Article 5(1) point 2(b) of the *Act of 29 August 1997 on travel services*, consolidated text: Journal of Laws 2017, item 1553, as amended);
16. Third party liability insurance of enforcement officers for any damage arising from or in connection with the performance of enforcement activities and, where they hire workers, third party liability insurance for any damage caused by their actions in connection with the performance of such activities (Article 24 of the *Act of 29 August 1997 on on court enforcement officers and enforcement*, consolidated text: Journal of Laws 2017, item 1277, as amended);
17. Third party liability insurance of an entity operating a nuclear facility for nuclear damage caused (Article 103(1) of the *Act of 29 November 2000—the Nuclear Law*, consolidated text: Journal of Laws 2018, item 792);
18. Third party liability insurance of persons performing independent technical functions in the construction industry for any damage arising from or in connection with the performance of such functions (Article 6(2) of the *Act of 15 December 2000 on self-governing organisations of architects, civil engineers and town planners*, consolidated text: Journal of Laws 2016, item 1725);
19. Third party liability insurance of patent agents for any damage caused in the provision of assistance with regard to industrial property (Article 16(1) of the *Act of 11 April 2001 on patent agents*, consolidated text: Journal of Laws 2017, item 1314, as amended);
20. Third party liability insurance of business owners operating in the area of investigation services (Article 24(1) of the *Act of 6 July 2001 on investigation services*, consolidated text: Journal of Laws 2017, item 556, as amended);
21. Third party liability insurance of maritime transport operators for personal injury or damage caused to passengers (Article 182 § 1 and 2 of the *Act of 18 September 2001—the Maritime Code*);
22. Third party liability insurance of ship owners for damage caused by contamination with oils (Article 273 § 1 of the *Act of 18 September 2001—the Maritime Code*);
23. Third party liability insurance of qualified providers of trust services for damage caused to trust service users at the time of performance of such services (Article 13(1) of the *Act of 5 September 2016 on trust services and electronic identification*, Journal of Laws 2016, item 1579, as amended);
24. Third party liability insurance of aircraft users, carriers and other business owners operating in the area of air services (Article 209 of the *Act of 3 July 2002—the Aviation Law*, consolidated text: Journal of Laws 2017, item 959, as amended);
25. Third party liability insurance of foreign lawyers providing legal assistance in the Republic of Poland (Article 11 of the *Act of 5 July 2002 on the provision by foreign lawyers of legal assistance in the Republic of Poland*, consolidated text: Journal of Laws 2016, item 1874);
26. Third party liability insurance of insurance agents providing services to more than one insurance undertaking in the area of the same type of insurance (Article 20(3) of the *Act of 15 December 2017 on insurance distribution*, consolidated text: Journal of Laws 2017, item 2486, as amended);

27. Third party liability insurance of sponsors and investigators for any damage caused in connection with performance of clinical trials (Article 37b(2) point 6 of the *Act of 6 September 2001—the Pharmaceutical Law*, consolidated text in: Journal of Laws 2017, item 2211, as amended);

28. Third party liability insurance for damage caused to third parties on account of non-performance or improper performance of obligations relating to the performance of activities consisting in the provision of travel services, including hunting conducted by foreigners in the territory of the Republic of Poland and hunting conducted abroad (Article 18(3) point 1 of the *Act of 13 October 1995—the Hunting Law*, consolidated text: Journal of Laws 2017, item 1295, as amended).