WHAT A FUSS FOR 7 BILLIONS EUROS !!!



or



THE GREAT ESCAPE

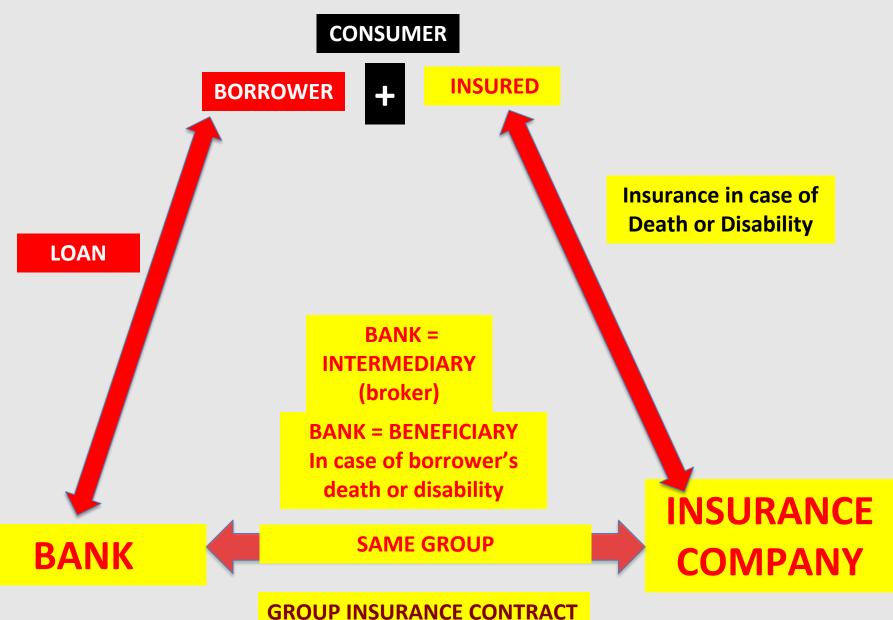
... of insured borrowers

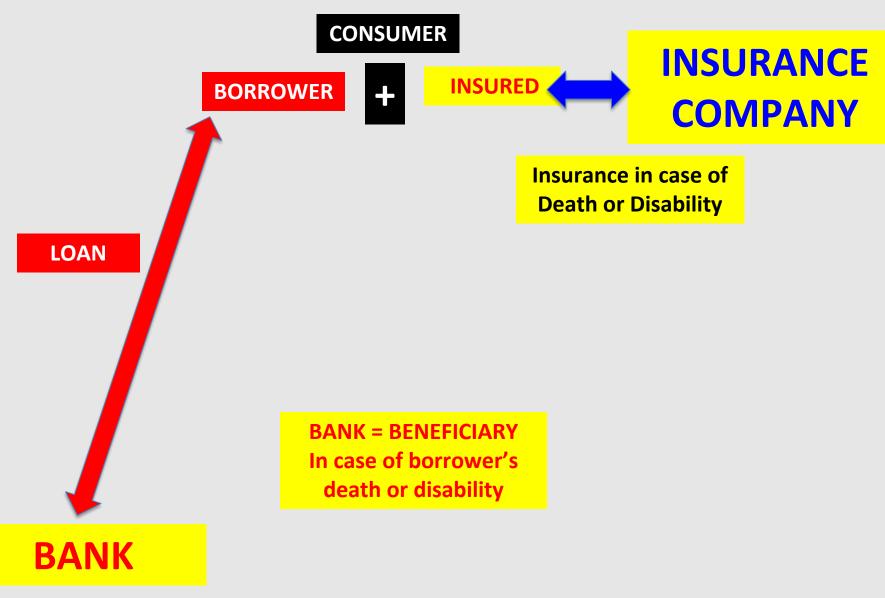
a FRENCH EXAMPLE

of the war between bancassurance operators and other insurers

Personal Insurances for borrowers

BANKINSURERS





Personal Insurances for borrowers in France

PREMIUMS 2017* **7 billions €**

*To be compared to : - Personal Income Tax : 70 billions €

PROFITS 2017* **3,5 billions €**

*To be compared to : - French Social Security : loss 2017 : 4 billions €

Actual situation

- To obtain the loan, the borrower accepts the Group Insurance contract proposed by the bank...
- and the whole operation (loan + insurance) is managed by the Bank-Insurance Entity

• Profits... : Bank-Insurance Entity

Problem

 After 6 monthes, 2 years, 5 years, the borrower can think of another insurance contract... less expensive or with a better coverage

How to escape ?

General provision of the Insurance Code* – Article L.113-2

The insured, and the insurer as well, is entitled **to terminate** the insurance contract **every year**

* Life insurance excluded

New special provision of the Insurance Code – Art. L113-12-2 Act 17 March 2014 Insurances for borrowers (real estate)

The insured borrower is allowed to terminate the insurance contract **at any moment during the first year**. He has to propose to the bank another insurance contract, with same level coverage

Question

Termination decided by the insured

• only during the first year ? BANKINSURERS : YES !

or every year, during the entire lending period
?

OTHER INSURERS : YES !!!

Legal Problem

Specialia generalibus derogant ?

Specialia : art.L.113-12-2 (only for borrowers : at any moment during the first year)

> Generalibus : art. L.113-2 (every year)

Cour de cassation (French Supreme Court) YES ! Specialia generalibus derogant

Only way to terminate : at any moment during the first year, NOT AFTER

BANKINSURERS



<u>New Law 21 February 2017 : Both terminations allowed</u>

Art. L.113-12-2

during the first year : at any moment

+

Art. L.113-2 after the first year : every year



OTHER INSURERS



BANKINSURERS

French Constitutional Court

1) Is the new Law (2017) against the French Constitution ?

NO

BANKINSURERS





French Constitutional Court

2) Is the new Law (2017) applicable to on going contracts ?

YES

BANKINSURERS



<u>New Law (1 April 2018) applicable</u> to on going contracts (1 January 2018) ?

YES

BANKINSURERS





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CAST (in order of apparence)