

CMS | Romania re-extends MTPL insurance premium cap until 30 June 2025



On 27 March 2024, the Romanian government approved Decision no. 291 to re-extend the period of application of the maximum premium for MTPL insurance until 30 June 2025.

As we reported previously, the cap has been set at the level of the premium rates charged by each MTPL insurer on 28 February 2023. These premium rates may be adjusted by a maximum of 6.8%. Maximum premium rates are set for bonus-malus class B0.

Commissions on insurance distribution of MTPL policies remain capped at a maximum of 8% of the net premium distribution expense.

The decision to re-extend the cap resulted from the following reasons as expressed previously by the government:

- concerns over the reluctance of insurers to cover certain categories of risks;
- high market concentration, which affects competition;
- vulnerability both in terms of exposure by classes of insurance and in terms of the significant market share held by a relatively small number of insurers showing a weak competition; and
- the large number of high-risk insureds in whole-risk categories and the increase of the insured in this category.

For more information on the new legislative amendment and the general insurance legal framework in Romania, contact your CMS client partner and local CMS experts: **Cristina Popescu** and **Florentin Giurgea**.