

BILL: INSURANCE CANCELLATION WOULD BECOME EASIER

written by Eva Willems | July 18, 2023



Currently, it is quite a task for a consumer to cancel insurance. Complaints to the insurance ombudsman are on the rise.^[1] In 2021, as many as 13% of the complaints related to insurance contract cancellation.^[2] A recent bill seeks a simpler and more consumer-friendly cancellation procedure. This would allow the insured party to cancel an insurance contract at any time, once the first contract year has expired.

Current cancellation procedure

Under the current Insurance Act^[3], an insurance contract has a maximum duration of 1 year. After one year, the contract is tacitly renewed for successive 1-year periods unless the insured or insurer cancels the contract in a timely and proper manner.^[4] Notice of termination must be given to the other party by registered letter, bailiff's writ or by issuing the termination letter against a receipt 3 months before the expiry date.^[5]

Therefore, the current formalistic termination procedure seems disadvantageous to consumers. Nevertheless, it was introduced for the purpose of continuity. Thus, the tacit renewal ensures that policyholders would not suddenly find themselves without cover. However, under the current formalistic regulations, consumers perceive this as a hindrance rather than a protection.^[6]

Termination of an insurance contract is also possible after a claim, when the risk disappears (e.g. selling of the car) or within 3 months after a rate change.^[7]

However, in addition to the notice period, the current regulations also include a reflection period. This is a short period just after the conclusion of the insurance contract, during which the insured and insurer can still cancel the contract free of charge. The reflection period is useful when, shortly after signing, it turns out that the entry fees are lower elsewhere.^[8]

For life insurance and capitalisation operations, that period is 30 days. For other insurance contracts, it is 14 days, provided the contract was concluded via a pre-signed policy or insurance application. No reflection period is provided for insurance contracts of shorter duration than 30 days and life insurance linked to

an investment fund.^[9]

Consumers who want to cancel their insurance contact – because they discover, for example, that their employer offers group hospitalisation cover – face a major challenge today. The majority of consumers therefore tend to stay with their current insurance company. This does not benefit the level of competition, resulting in higher prices.

Future cancellation procedure

It is the above issues that the bill seeks to address. Thus, in principle, an insured would be able to cancel an insurance contract at any time, digitally (e.g. via itsme) and free of charge and thus change insurers more easily.

However, the continuity of insurance coverage mentioned above would still be guaranteed. In the case of compulsory insurance (e.g. civil liability insurance for motorised vehicles), policyholders will have to make the necessary arrangements through their new insurer to ensure such continuity.^[10]

Insurances still in their first current year are the exception to the rule. These will continue to be subject to a notice period, notably a period of 2 months for the insured and 3 months for the insurer.^[11]

The bill makes no adjustments to the reflection period.

Consequences?

The bill should lead to lower insurance fees and more competition. This will lower the barriers for policyholders to switch from one insurance company to another.^[12] There is already quite a lot of competition in the insurance market in Belgium today, but it will increase with the future regulation. France already implemented a similar legislative change, resulting in cheaper insurance.^[13]

The simplified cancellation procedure is currently not yet in force. In April 2023, the bill was approved in the Chamber Committee on Economy. Next, it still needs to be passed by the federal parliament. Once the law is approved and published in the Belgian Official Journal, insurers will have 1 year to align themselves.^[14]

[1] Voorstel van wet tot wijziging van de wet van 4 april 2014 betreffende de verzekeringen, teneinde het voor de consumenten mogelijk te maken een verzekeringsovereenkomst na een looptijd van één jaar zonder kosten en zonder boete op te zeggen, *Parl.St.* Kamer BZ 2019, nr. 55-0194/1, 1.

[2] S. VERSCHUEREN, “Verzekering opzeggen kan weldra vlotter”, *De Tijd*, 19 april 2023, https://www.tijd.be/ondernemen/financiele-diensten-verzekeringen/verzekering-opzeggen-kan-weldra-vlotter/10461671?fbclid=IwAR1DIwiYEYKUVKUaNBuI0ye7FpsGPW9kxtdgsaCnq_4eDM5BOrr7NRFLfYU.

[3] Wet 4 april 2014 betreffende de verzekeringen, *BS* 30 april 2014, 35.487.

[4] Art. 85, § 1, eerste lid wet 4 april 2014 betreffende de verzekeringen, *BS* 30 april 2014 (hierna: wet verzekeringen).

[5] Art. 84, § 1 en 85, § 1, vierde lid wet verzekeringen.

[6] Voorstel van wet tot wijziging van de wet van 4 april 2014 betreffende de verzekeringen, teneinde het voor de consumenten mogelijk te maken een verzekeringsovereenkomst na een looptijd van één jaar zonder kosten en zonder boete op te zeggen, *Parl.St.* Kamer BZ 2019, nr. 55-0194/1, 4; X, “Assuralia: klachten over verzekeringen verdienen meer nuance!”, Assuralia, 26 april 2018, <https://press.assuralia.be/assuralia-klachten-over-verzekeringen-verdienen-meer-nuance>.

[7] Art. 86 wet verzekeringen; X, “Opzegging”, FOD Economie, 23 augustus 2022, <https://economie.fgov.be/nl/themas/financiele-diensten/verzekeringen/verzekeringsovereenkomst/opzegging>.

[8] F. DECEUNYNCK, “Tijdig een verzekering opzeggen”, *De Standaard*, 13 mei 2023, https://www.standaard.be/cnt/dmf20230511_95944957.

[9] Art. 57, § 3 en § 5 wet verzekeringen.

[10] Voorstel van wet tot wijziging van de wet van 4 april 2014 betreffende de verzekeringen, teneinde het voor de consumenten mogelijk te maken een verzekeringsovereenkomst na een looptijd van één jaar zonder kosten en zonder boete op te zeggen, *Parl.St.* Kamer BZ 2019, nr. 55-0194/1, 5.

[11] Voorstel van wet tot wijziging van de wet van 4 april 2014 betreffende de verzekeringen, teneinde de opzeggingsregels voor verzekeringsovereenkomsten

te vereenvoudigen, *Parl.St.* Kamer BZ 2019, nr. 55-0194/6, 4.

[12] S. VERSCHUEREN, “Verzekering opzeggen kan weldra vlotter”, *De Tijd*, 19 april 2023, https://www.tijd.be/ondernemen/financiele-diensten-verzekeringen/verzekering-opzeggen-kan-weldra-vlotter/10461671?fbclid=IwAR1DIwiYKYKUVKUaNBuU0ye7FpsGPW9kxtdgsaCnq_4eDM5BOrr7NRFLfYU.

[13] C. MICHIELS, “Contract opzeggen wanneer je wil: van verzekeraar wisselen wordt veel eenvoudiger”, *VRT NWS*, 19 april 2023, <https://www.vrt.be/vrtnws/nl/2023/04/18/parlement-stemt-nieuwe-wet-van-verzekeraar-wisselen-wordt-veel/>.

[14] S. VERSCHUEREN, “Verzekering opzeggen kan weldra vlotter”, *De Tijd*, 19 april 2023, https://www.tijd.be/ondernemen/financiele-diensten-verzekeringen/verzekering-opzeggen-kan-weldra-vlotter/10461671?fbclid=IwAR1DIwiYKYKUVKUaNBuU0ye7FpsGPW9kxtdgsaCnq_4eDM5BOrr7NRFLfYU.