



Reykjavík, 23 October 2020

Re: Information for consumers in view of actions taken against NOVIS by the National Bank of Slovakia (NBS)

The National Bank of Slovakia (NBS), which supervises the activities of NOVIS, has taken a decision to impose a temporary ban on the conclusion of new insurance contracts of a specific type unless NOVIS satisfies the requirements laid down in the decision.

Press releases on the ban have been published three times on the Central Bank of Iceland website: [18 September](#), [30 September](#), and [23 October 2020](#).

How does NOVIS affect Icelandic consumers?

- NOVIS products have been sold to Icelandic consumers through distributors (insurance brokers) in Iceland. In order for contracts for the products to take effect, NOVIS must formally conclude them.
- A situation could arise in which NOVIS is not authorised to conclude new contracts if NBS determines that the associated requirements are not satisfied.
- If a prohibition on the conclusion of new contracts is in effect according to NBS' decision, this could mean that there will be a significant delay before contracts prepared by distributors in Iceland for Icelandic customers take effect.
- The ban on conclusion of contracts does not affect contracts already in effect.
- Furthermore, the ban does not affect contracts concluded by NOVIS in October 2020, as the company satisfied NBS' requirements in that month.

I have an active contract with NOVIS. Where shall I turn?

- The Financial Supervisory Authority (FSA Iceland) instructs Icelandic consumers who have entered into contracts relating to NOVIS products to contact the insurance broker or brokerage where they bought the product, and ask for further information and instructions.
- Icelandic consumers can also contact NOVIS directly if they so choose.

Should I stop paying premiums to NOVIS?

- FSA Iceland wishes to point out to consumers that because a temporary ban could take effect if NBS determines that NOVIS does not satisfy the specified requirements, NOVIS' position is uncertain. NOVIS insurance contracts are composite products involving investment and risk insurance, and each policyholder must make a decision based on their own interests.

Who made this decision?

- The National Bank of Slovakia (Národná Banka Slovenska, NBS)

Why did NBS make this decision?

- In the recent past, EIOPA and other supervisory authorities in Europe (including in Iceland) have been in regular communication with NOVIS regarding issues relating to the company's



products (as is reported in the Financial Supervisory Authority's 18 September 2019 press release). These issues centre on both financial requirements and the company's business practices.

- Following cooperation between EIOPA and European supervisory authorities, NBS has taken a temporary decision that could result in NOVIS' being prohibited to conclude new contracts while the decision remains in effect. The decision has been taken with the aim of protecting consumers' interests.

When did the temporary decision take effect?

- 11 September 2020

Has NBS prohibited NOVIS from concluding new contracts on the basis of the temporary decision?

- Yes. NOVIS did not satisfy the requirements for conclusion of new contracts in September 2020.

Has NBS permitted NOVIS to conclude new contracts since the temporary decision took effect?

- Yes. NBS authorised NOVIS to conclude new contracts in October 2020.

What does the temporary ban mean when NOVIS does not satisfy the requirements specified in the decision?

- NBS takes a position each month on whether NOVIS satisfies the requirements. If NBS determines that the requirements are not satisfied, NOVIS may not conclude any new contracts in that calendar month.

Why are decisions on temporary bans taken?

- NBS' decision to impose a temporary ban is a measure used in response to serious incidents and/or when the requirements for an operating licence are not fulfilled.

Why is a Slovak insurance company allowed to distribute products in Iceland?

- Companies with operating licences and under the supervision of regulatory bodies in the European Economic Area may provide services in all countries in Europe, upon prior notification to the relevant regulatory bodies. The companies may provide cross-border services, including through branches, agents, and distributors. The regulatory bodies in companies' home state ensure that they satisfy the requirements made of their operations. FSA Iceland has participated with home state regulators in supervising the business practices and marketing of companies that provide services in Iceland.
- The Slovak insurance company does not maintain offices in Iceland but distributes its products through Icelandic insurance brokers.

What has FSA Iceland's involvement with NOVIS entailed until now?

- FSA Iceland has previously published press releases and notifications pertaining to NOVIS' activities. In July 2018, FSA Iceland announced that the Hungarian National Bank (MNB) had temporarily halted new sales of investment plan life insurance from NOVIS. In that press release, it was pointed out that NOVIS had operations in Iceland, as well as elsewhere, and was offering investment plan life insurance to Icelandic consumers.



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- In a press release issued in June 2018, FSA Iceland had previously published guidance on the points consumers should bear in mind when purchasing insurance-related investment products.
- FSA Iceland has also examined the business practices of insurance brokers in Iceland in connection with sales of NOVIS products. Press releases on the results of the examinations were issued in August 2018 and April 2019.
- Furthermore, FSA Iceland published a press release in September 2019, announcing that NOVIS had decided to stop selling its Wealth Insuring product in Iceland. That press release stated that the company had discontinued sales of the product because the European Insurance Distribution Directive (IDD) had been implemented in Iceland. According to the provisions of the IDD, the product is considered suitable only for those individuals who have satisfactory knowledge and experience in investing. This had been communicated to the company by several supervisory bodies in Europe, including FSA Iceland. These supervisory bodies had been in regular communication with the company regarding issues relating to the product.