

Description of the Danish Guarantee Fund for non-life insurance undertakings

Below is a brief description of the Danish Guarantee Fund for non-life insurance undertakings. The description focus on the Fund's role in case a non-life insurance undertaking is declared bankrupt. After the description follows an unofficial translation of the provisions describing who and what the Fund will cover in case of a bankruptcy. The provisions are regulated in the Consolidated Act no. 1050 of 8 September 2017 regarding a Guarantee Fund for Non-life Insurance Undertakings.

What happens if your non-life insurance company is declared bankrupt?

The (non-life) insurance sector has created a guarantee fund "The Guarantee Fund for Non-life Insurance Undertakings".

The Guarantee Fund will step in if an insurance company that insures you as a consumer has been declared bankrupt and the insurance company is your counterpart in an insurance case.

This means that if your or your counterpart's insurance undertaking is declared bankrupt you will be covered via the Fund that will ensure that you will still receive your entitled compensation.

You also get your money back – minus a deductible

The Guarantee Fund will refund the money you have paid in advance for your insurance in the bankrupted insurance undertaking (the insurance premium). There will however be a deductible of DKK 1.000. You can file a claim of the deductible to the bankruptcy estate and try to get the deductible refunded in that manner.

How will you be informed of the bankruptcy?

All policyholders and those who have suffered loss or injury will receive a letter from the Guarantee Fund including a guide on what to do. The guide will also be posted on the Guarantee Funds website and furthermore the Danish Financial Supervisory Authority will inform the public in the media.

The Fund covers all your private insurance policies

The Guarantee Fund covers all the consumer insurance policies that are drawn up in the bankrupted company, e.g. motor liability insurance, homeowners insurance, insurance for theft, property damage, personal liability and illness. The Guarantee Fund also cover collective insurance when equivalent to private insurance.

The bankrupted undertaking as counterparty

The Guarantee Fund covers to some extent also consumers and professional businesses who has got an insurance case towards the bankrupted company, i.e. when the undertaking is your counterparty but not your own insurance undertaking (where you have your insurance policies).

When it comes to motor liability insurance both loss and personal injury will be covered. When it comes to other liability insurance, e.g. liability for dogs, only personal injury is covered. You are responsible for putting forward claims for loss yourself to the bankruptcy estate.

Commercial insurance is not covered

The Guarantee Fund does not cover commercial insurance unless the injured party/claimant is covered by a liability insurance covering the person causing the loss. Claims can be put forward to the bankruptcy estate.

What are you to do?

If you have a claim towards the bankrupted insurance undertaking you need to file the claim at the Guarantee Fund no later than 6 months after the bankruptcy has been made public.

Who will handle my claim?

The Guarantee Fund will draw up an agreement with one or more insurance undertakings on taking over the insurance cases in the bankrupted undertaking. Damages will be paid from the Guarantee Fund as soon as possible and no later than 3 months after you have filed your claim.

You will be contacted by the insurance undertaking who handles your case.

Questions to your insurance case?

If you have questions, you need to contact the insurance undertaking who has been put in charge of handling your case.

Selected provisions in the Consolidated Act no. 1050 of 8 September 2017 regarding a Guarantee Fund for Non-life Insurance Undertakings

Section 5

The Guarantee Fund covers claims that are unfunded due to a non-life insurance undertakings bankruptcy to the following:

1. Policyholders with consumer insurance
2. Third party insurance covering loss or injury in accordance with motor liability insurance
3. Third party insurance covering injury in accordance with other liability insurance
4. Collective insurance where a particular insurance is equivalent to the individual insurances included within
5. Damages due to fire of buildings on all types of buildings

(2) The Guarantee Fund covers unfunded claims that incurred prior to the bankruptcy order and within four weeks after the trustee has notified the creditors mentioned in section 124 in the Bankruptcy Act that the insurance undertaking is bankrupt. If the insurance undertaking is one mentioned in this Acts section 2(a)1 the time limit of four weeks start when the Guarantee Fund has notified the creditors in accordance with this Acts section 8(3)2 of the undertakings bankruptcy.

[...]

¹ Direct insurance undertakings authorized by a Member State in accordance with the Solvency II Directive pass porting into Denmark by either branch or cross border and a member of the Guarantee Fund

² The trustee's requirements to inform the creditors are regulated in the Bankruptcy Act. Section 8(3) refers to section 8(2) listing what and to what extent the Guarantee Fund will cover. Please note that foreign insurance undertakings doing insurance business in Denmark in accordance with Solvency II and a member of the Guarantee Fund is treated equal to Danish insurance undertakings

Section 6

Claims in accordance with section 5 that are to be covered by the Guarantee Fund and not filed to the insurance undertaking, that has been declared bankruptcy, are to be notified to the Guarantee Fund as soon as possible and no later than 6 months after the bankruptcy order. Claims that has been filed to the insurance undertaking that has been declared bankruptcy, before the bankruptcy order, are considered filed to the Guarantee Fund.

(2) The Guarantee Fund shall not with reference to the in subsection 1 mentioned time limit refuse to pay damages to a claimant, cf. section 5, who in due course has been unable to put forward a claim.