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THE HUNGARIAN COMPETITION AUTHORITY

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## **Union Insurance misled consumers about its life insurance**

**The Hungarian Competition Authority established in its decision reached on 8 March 2007 that Union Insurance Company (Union Biztosító Zrt.) deceived consumers as from April 2006 with the advertisement of its 'Union-Smaragd' product.**

Union Insurance Company started to sell 'Union-Smaragd' through more than one distribution channel (insurance agents belonging to its own network, independent insurance agents, insurance brokers). 'Union-Smaragd' is a life insurance with one-time payment connected to investment funds. An essential characteristic of the insurance is that Union grants a bond credit depending on the way in which premiums are paid.

Union advertised 'Union-Smaragd' in different ways from April 2006 on.

The GVH established in its decision that some statements of the information on 'Union-Smaragd' may have been misleading for consumers, e. g. it did not correspond to reality that

- The total amount of money paid by the contracting party and of that originating from the bond credit was invested;
- If the contracting party had his savings in Euro he could eliminate exchange rate risks;
- Money could be taken out on favourable terms from the investment;
- In the event of an accidental death the amount paid by Union over the actual value of the policy qualified as an extra service;.
- The insurance company provided the cover of traffic accident, for free, as a gift.

Union was fined HUF 3 million for the infringement of the law.

Case-number: Vj-154/2006

Budapest, 12 March 2007

Hungarian Competition Authority

Communications Section

Further information:

András Mihálovits

Gazdasági Versenyhivatal

Address: 1054 Budapest, V., Alkotmány u. 5

Postal address: 1245 Budapest 5. POB 1036

Telephone: +36-30 618-6618

E-mail: [Mihalovits.Andras@gvh.hu](mailto:Mihalovits.Andras@gvh.hu)

<http://www.gvh.hu>