



GAZDASÁGI
VERSENYHIVATAL

Union Insurance infringed provisions of Competition Act

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 the 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 offers a so-called bond credit the amount of which depends on the amount of the inpayment the contracting party performs.

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

The GVH established in its decision that some information on 'Smaragd Union' 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 bond qualified as an extra service provide;
- 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.