

To: Statistics Working Group  
From: Statistics Department  
Date: 06-06-2019  
Reference: EXCO-STAT-19-018

Subject: Input requested on NACE review 2019

## Action required

Members are invited to consider the proposed response to the Eurostat consultation on NACE 2019 review (see Annex), and **submit comments and proposals to the secretariat ([proskurovska@insuranceeurope.eu](mailto:proskurovska@insuranceeurope.eu)) by Friday 21 June 2019.**

## Summary

Members shall recall the secretariat's proposal to respond to the Eurostat consultation on modernisation of NACE classification for insurance sector (EXCO-STAT-19-017). Following members' feedback, the secretariat suggests responding to the consultation as follows:

1. Use Solvency II breakdown of insurance lines of business
2. Include internet sales in the breakdown of distribution channels

Please, see annex to this Memo for Action for more detail.

Members are invited to consider Insurance Europe's response to NACE 2019 revision and provide their feedback to the secretariat ([proskurovska@insuranceeurope.eu](mailto:proskurovska@insuranceeurope.eu)) by Friday 21 June 2019.

Statistics Department

**Proposals for NACE review from European Business and Trade Associations**

- Please describe your proposal for **1<sup>st</sup> change in NACE Rev. 2.**

Use Solvency II breakdown of lines of business as laid out in Annex I (p.227) of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) ([https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=OJ:JOL\\_2015\\_012\\_R\\_0001](https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=OJ:JOL_2015_012_R_0001)).

- Please provide the reasoning/argumentation for this proposal for change to NACE Rev. 2.

Implementation of Solvency II brought about a unified, harmonised structure of insurance business, which at least 85% of European insurance companies must adhere to. This new structure of insurance lines of business is now a reality, and its introduction in the NACE classification system should not require any additional work on the part of the industry.

- Please provide an estimation of value such as data on the Europe wide turnover of the economic activity and if it is concentrated to certain countries only

EU-wide insurance premiums in 2017 exceeded €1 200bn.

- Please indicate the type(s) of change proposed

Several types of change can be selected

- New breakdown/split
- Content move
- Content change
- Restructuring
- Aggregation of codes
- Renumbering
- Title change
- Explanatory notes change
- Other

- Please indicate the NACE codes concerned by your proposal.

	NACE code
1	65.1 Insurance
2	65.2 Reinsurance

- Please describe your proposal for **2nd change in NACE Rev. 2.**

NACE classification needs to reflect increasing digitalisation in the marketing and provision of insurance products and services, by distinguishing "internet sales" within the distribution channels.

- Please provide the reasoning/argumentation for this proposal for change to NACE Rev. 2.

The new technological opportunities of digitalisation mark a profound change for today's economies and societies. Digitalisation has an impact on the supply structure in various markets, business models as well as the distribution of the value chain among different involved companies. While some well-established companies need to adapt their business model in light of new emerging technical innovations, newly created companies using new business models are entering the market.

In the field of insurance, the consequences of digitalization are becoming increasingly apparent. Digitalization serves as a basis for developing new insurance products including marketing and distribution activities and generates new business processes as well as business models for insurance. Overall,

digitalisation has an impact on the entire value chain of insurance protection. Many areas of the value chain are subject to a high degree of innovation dynamics and increasing competition between established insurance undertakings, start-ups and established companies in other industries (such as technology companies). Major drivers for market changes are, among others, internet platforms and digital ecosystems as a distribution channel and the numerous new opportunities for cooperation and outsourcing both with the use of external service providers (eg cloud computing, claims processing) and within the industry (eg joint product development). In addition, lower barriers to market entry mean that the boundaries between the sectors are becoming increasingly blurred. On the one hand, insurers are expanding their service function to other areas (eg health prevention, assistance services, such as connected cars). On the other hand, other industries are becoming active in the insurance market even more than others in the past (eg car manufacturers).

- Please provide an estimation of value such as data on the Europe wide turnover of the economic activity and if it is concentrated to certain countries only

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- Title change
- Explanatory notes change
- Other

- Please indicate the NACE codes concerned by your proposal.

	NACE code
1	66.22 Activities of insurance agents and brokers