

POSITION PAPER

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Referring to: Intellectual property – review of EU rules on industrial design (Design Directive)

COMMENTS OF THE FRENCH INSURANCE FEDERATION (FFA)

The French Insurance Federation (FFA) welcomes the Commission's review of the Design directive and Community Design Directive. The objective set in the impact assessment to fully liberalise the aftermarket of spare parts, particularly in the automobile sector, constitutes the right answer to the developments observed by French insurers.

French insurers pay compensations for more than 7.5 million accidents involving material damages per year.

Material damages represent approximatively 60 % of compensations paid out by insurers.

Spare parts account for half of the total cost of repairs (i.e. about 30 % of total compensation amount).

In France, visible parts on vehicles are protected under design and model or copyright law.

For more than five years now, French insurers have been seeing a steady and significant increase in the cost of automobile spare parts. According to the National Institute of Statistics and Economic Studies (INSEE) this increase was systematically stronger than inflation¹ at least for the last 15 years. In 2019, the increase reached an alarming rate of 7,8% compared to 2018.

In addition, Insurance Europe, the European federation of insurers, was carrying out a comparison of the prices of certain bodywork parts in several European countries until 2016. It emerged that the price of certain bodywork parts was 20 to 50% more expensive in France than in other European countries. The French Competition Authority stated in a 2012 report that various converging studies concluded that the removal of protection for visible spare parts would lead to a drop in the average price of visible parts of around 6 to 15%.

These high prices are largely due to the de facto monopoly of car manufacturers in this closed market. Their increase is, among other cost increases borne by insurers (as inflation of

¹ With one exception in 2014 when increase was equal to inflation.

About the FFA

The French Insurance Federation (FFA) represents 280 insurance and reinsurance companies operating in France, accounting for over 99% of the French insurance market. We represent the interests of insurers to national, European and international public authorities; to institutions and to administrative or local authorities. We produce and make available statistical data essential to the industry and provide information for the general public and the media. The French Insurance Federation also contributes in raising the awareness and attractiveness of the industry by promoting insurance and risk management culture. FFA is a member of Insurance Europe and GFIA. In an ever-changing environment, faced with the emergence of new political, economic, social, technological and environmental risks, the French insurance industry constantly innovates to be more competitive, support the economy and extend the boundaries of insurability.

compensation of bodily injuries), necessarily taken into account in the price of car insurance, which is a constrained expense for most households. Enhancing competition on the car spare parts market is an indispensable condition for controlling increases in the cost of repairs and would be a strong measure in favour of household purchasing power.

Although insurance companies cover most costs related to accidents, more than one insurance taker out of three has not opted for comprehensive coverage thus having to pay for damages suffered. Additionally, depending on severity of damages, some insurance takers choose to bear the repair costs themselves in order to avoid a claim report and the financial drawback of a malus. Thus, liberalization would directly benefit to consumers in all these cases.

The French insurance industry welcomes competition as a fundamental principle of the European Union and therefore strongly supports the liberalisation of this market so to obtain a real effect on the cost of car repairs, especially through the introduction of a repair clause into the Design Directive.