



**CONSORCIO DE  
COMPENSACIÓN**  
• DE SEGUROS •

# Consorcio de Compensación de Seguros

An Overview



GOBIERNO  
DE ESPAÑA

MINISTERIO  
DE ASUNTOS ECONÓMICOS  
Y TRANSFORMACIÓN DIGITAL





**CONSORCIO DE  
COMPENSACIÓN  
• DE SEGUROS •**

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# Introduction

The *Consortio de Compensación de Seguros* (CCS) is a state-owned company attached to the Spanish Ministry of Economic Affairs and Digital Transformation, providing supplementary service to Spain's insurance industry, of which it is an integral part. CCS performs many different insurance roles, such as the cover of 'extraordinary risks' or its tasks in agricultural and motor liability insurances, and non-insurance roles, such as the winding-up of insurance companies, informative functions and the management of funds.





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CONSORCIO DE  
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# Part 1

## Introducing Consorcio

### 1. Origins and history

The origins of CCS date back to 1941, when a temporary arrangement to help the Spanish insurance industry cope with compensation for damage resulting from the Spanish Civil War was created. In 1954 it was made permanent under its present name of *Consortio de Compensación de Seguros*, and it has been since closely bound up with coverage of Extraordinary Risks, as some catastrophe hazards are known in Spain, being the lynchpin of Spain's compensation scheme for this type of risk. Over the course of its extended lifespan, it has taken on many other tasks in different areas of the insurance sector: agricultural insurance, compulsory motor car third-party liability insurance, export credit insurance, compulsory passenger insurance, compulsory hunting insurance, winding-up of insurance companies, and so forth.

There have been any number of highly eventful moments in CCS' history, but here we will be focusing on Spain's membership in the European Community, which it joined in 1986 and which had broad repercussions for the country's domestic system of laws and obviously was to affect the insurance sector generally and CCS in particular. Thus began a process which, in the case of CCS,

culminated in 1990 in the adoption of its enabling statute, which took effect in 1991. This brought with it fundamental changes in the legal nature, operating procedures, and internal structure of CCS.

### 2. The institution

#### 2.1. Legal nature and assets

CCS is a public business institution<sup>(1)</sup> that is a subsidiary body of the Ministry of Economic Affairs and Digital Transformation under the Directorate-General for Insurance and Pension Funds. It has its own legal personality and enjoys full authority to act, and it is governed by its enabling Statute<sup>(2)</sup>. In its insurance activity CCS is, like private insurers, subject to the provisions of law stipulated in the Insurer and Reinsurer Management, Supervision, and Solvency Act<sup>(3)</sup> and the Insurance Contract Act.

CCS holds its own assets separate from those of the State. Its income is derived from its premiums, its surcharges, and yields on its investments, and like any other insurer, it sets aside the relevant technical provisions and calculates its capital requirements according to applicable law.

1 Act Regulating the Legal System of the Public Sector, Act No. 40/2015 of 1 October 2015 [Ley 40/2015, de 1 de octubre, de Régimen Jurídico del Sector Público].

2 Originally adopted by Act No. 21/1990 of 19 December 1990. The consolidated version currently in force was approved by Royal Legislative Decree No. 7/2004 of 29 October 2004 and subsequently amended by Act No. 12/2006 of 16 May 2006, Act No. 6/2009 of 3 July 2009, Act No. 12/2011 of 27 May 2011, and Act No. 29/2015 of 14 July 2015.

3 The Insurer and Reinsurer Management, Supervision, and Solvency Act, Act No. 20/2015 of 14 July 2015 [Ley 20/2015, de 14 de julio, de Ordenación, Supervisión y Solvencia de las Entidades Aseguradoras y Reaseguradoras].

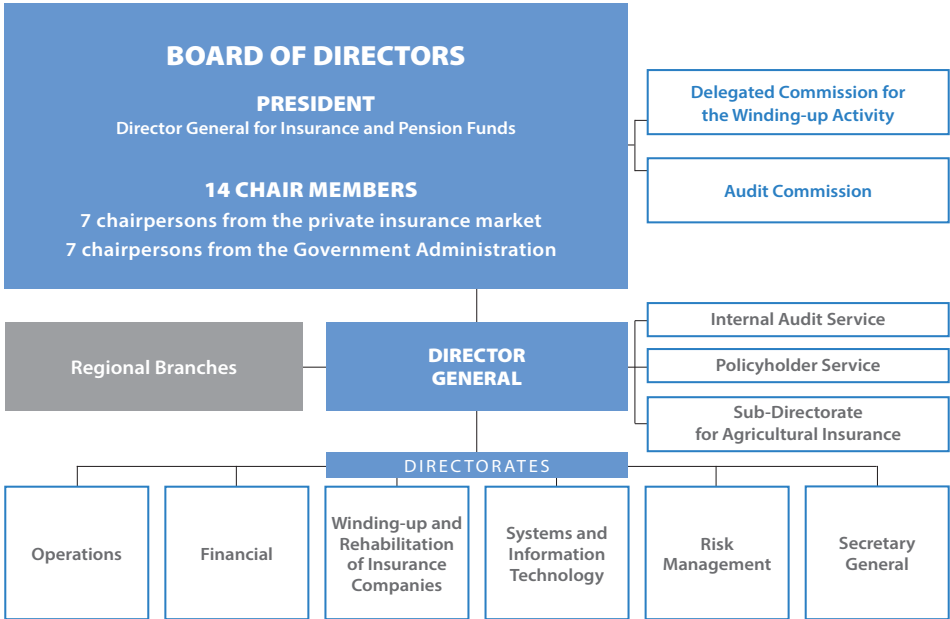
A Coruña

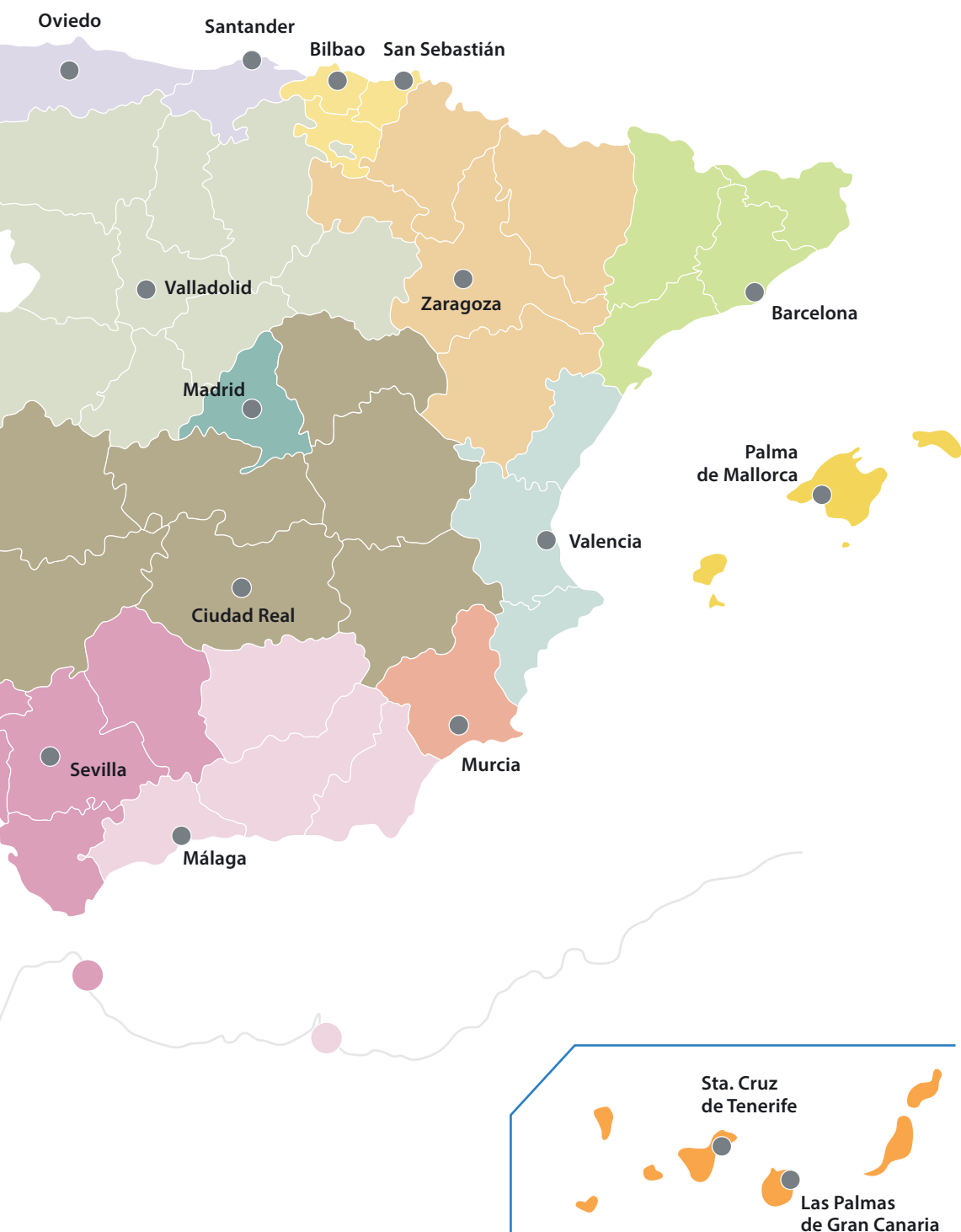
2.2. Management and structure

CCS' executive body is its Board of Directors, chaired by the Director-General of Insurance and Pension Funds and composed of 14 members split evenly between representatives of the public administration and representatives of the private insurance sector.

From an organizational standpoint, CCS is divided into six areas of operations reporting to the Director-General, and which have a status of Directorates, namely, Operations, Finance, Winding-up and Rehabilitation, Systems and Information Technology, Risk Management, and the Secretary General. The Internal Audit Service and the Policyholder Service are horizontal units that are also directly subordinate to the DG of CCS.

CCS also brings its management nearer to all interested parties by means of 13 regional branches, with 17 offices stationed all around Spain.









### 2.3. Planning

Every three years CCS elaborates and approves its planning guidelines to steer its activities during the period in question. The new Three-year Action Programme (PAT) for the period 2023-2025 is built around three main strategic axes. Namely:

- 1 **Core business.** Includes subject areas such as the management of insurance and non-insurance roles, human resources, key functions, as well as the management of financial, real-estate and information issues.
- 2 **Social responsibility and sustainability,** including subject areas such as business sustainability, management sustainability, investment sustainability and risk management and reduction.
- 3 **Technology** and cyber-security, with digital service provision, new technologies and digitalization and cyber-security as subject areas.

### 3. Functions

Over the course of its existence, CCS has been tasked with different responsibilities in different areas of insurance. Therefore, CCS is currently a multi-functional tool at the service of the Spanish insurance industry. These many functions can be clustered as follows:

#### Insurance functions:

- Extraordinary risk insurance, by means of which certain catastrophic risks, both natural and man-made, are provided with insurance cover.
- Functions related to the third-party motor liability insurance: direct insurance for individuals who cannot get insurance in the private market or for vehicles belonging to public entities wishing to be insured by CCS. Guarantee fund for injured in accidents caused by unknown, stolen or uninsured vehicles.
- Multi-peril agricultural insurance: CCS takes part in the coinsurance pool, reinsures the whole scheme and checks assessments.
- Environmental liability risk: CCS takes part in the Spanish pool for environmental risks.
- Insurance of risks derived from nuclear energy: reinsurer.
- Personal injury insurance for individuals participating in wild firefighting, by means of which every person participating in these tasks is covered.
- Temporary functions in which, for reasons of public interest or market needs, the Board of Directors adopts, by a qualified majority, the decision to take over certain functions, such as reinsurance of terrorism and war risks to air traffic from 9-11 2001 to 2002 or credit reinsurance during 2009-2010 and 2020-2021.

#### Non-insurance functions:

- Winding-up and rehabilitation of insurance companies. After requirement by the national or the equivalent regional regulator, CCS is in charge of protecting the insureds and proceeding to the orderly winding-up or rehabilitation of insurance undertakings.
- Informative functions related to third-party motor liability insurance: information centre for trans-boundary accidents and informative record of insured vehicles (FIVA).
- Other informative functions: register of compulsory insurances and fire insurance premium information by municipality.
- Management, on behalf of the State, of the export credit insurance equalization reserve (FRRI).
- Management of the Spanish Reserve Fund for the Guarantee of Electro-Intensive Entities (FERGEL).
- Management of reserve Fund for environmental liability risk.
- Functions related to prevention, fostering research in covered risks and communication and dissemination.





# Part 2

## Main Functions

### 4. Coverage of extraordinary risks

#### 4.1. The basics

The purpose of CCS in this respect is to indemnify, by way of compensation, and pursuant to policies taken out with any private insurer, for losses caused by previously stated “extraordinary risks” (see Section 4.3) and cause personal injury or damage to property within Spanish territory. Personal injury resulting from extraordinary events that take place outside Spain are also covered, provided that the insured is a Spanish resident and has underwritten a life or accidents insurance policy in Spain. CCS takes charge of compensation where one of the following circumstances exists:

- a. Where the extraordinary risk concerned is not specifically and explicitly covered by the insurance policy taken out with the insurer.
- b. Even in cases in which the damage caused by an extraordinary event is covered by the insurance policy, where the insurer that issued the policy cannot meet its obligations due to bankruptcy or other form of insolvency, is in the process of administrative winding-up, or has been taken over by CCS itself.

The Spanish scheme for covering extraordinary risks rests on certain basic principles, namely:

- The principle of compensation, that is, compensation among risks (all risks covered receive the same consideration and treatment), among geographical zones (all areas of the country receive the same consideration and treatment, irrespective of the type of risks to which they might be more exposed), as well as compensation in time (the time frame considered is broad so that years with low or only moderate loss allow resources to be built up for peak years with large loss).
- The principle of cooperation with Spain's private insurance industry as the basis for managing the scheme.

## 4.2 Coverage: prerequisites and mandatory nature

Entitlement to compensation for one of the extraordinary events covered by the scheme (see Section 4.3) arises only where the injured party has already taken out an insurance policy with a private insurer in one of the branches mentioned below. In other words, taking out an insurance policy with an insurer in one of the branches in question automatically carries with it coverage against extraordinary risks, the coverage extending to the same property or persons for the same amounts insured under the policy.

This mandatory cover is included in policies in the following branches or combinations of branches:

- For PERSONAL INJURY insurance, the branches are life (death cover) and accident insurance, even where these covers come as riders to another type of insurance or as part of a pension plan.
- For PROPERTY insurance, the branches are:
  - Fire and natural disasters.
  - Land vehicles.
  - Motor car third-party liability (compulsory insurance).
  - Railway vehicles.
  - Other property damage (theft, glass breakage, damage to machinery, electronic equipment, and computers).
  - Sundry pecuniary losses.

In order to be entitled to indemnification for natural events covered, seven days must have elapsed between the date of issue of the policy (or from its effective date, if later) and occurrence of the extraordinary loss.

## 4.3. Risks covered

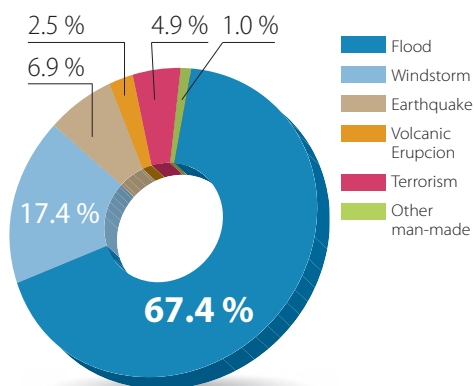
The risks covered can be classified in three categories:

- a. Natural risks: earthquakes, tidal waves or tsunamis, flooding (fluvial, pluvial and coastal), volcanic eruptions, 'atypical cyclonic storms' (basically tornados as well as winds gusting to more than 120 km/h or the combination of wind gusts above 96 km/h and rainfall of 40 mm/h), and falling objects and meteorites.
- b. Violent acts resulting from terrorist attack, rebellion, sedition, riot, and civil commotion.
- c. Action by the armed forces or law enforcement agencies in times of peace.

While the catastrophic events covered may very well be the source of major losses, causing large amounts of damage to large numbers of people over a wide area, this is not a condition for entitlement to compensation by any insured party who is affected. It thus follows that no official declaration of a "disaster" or "disaster area" is needed for the indemnification process to begin when a claim for compensation is filed by the interested party, his or her representative or their own primary insurer.

Flood is the risk that accounts for most of the claims in Spain, adding up to around 2/3 of the total loss, and thus merits special attention. For purposes of CCS' cover, flood is defined as inundation of land due to the accumulation or runoff of rainwater, meltwater, or waters from lakes, rivers, or inlets through overflow of their natural beds or channels. Wave battering in the seashore, with or without flooding, is also included.

## Aggregated loss-share by cause (1990-2021)



Damage produced by the following does not fall within this definition:

- Rain falling directly on the insured risk or collected by its roof or cover, drainage system, or patios.
- Water from dams, canals, sewers, collectors, and other underground channels built by man except in case of rupture or malfunction caused by an extraordinary event covered by CCS.

## 4.4. Indemnity: extent, damage covered, insured sum, and deductible payable by the insured

In the case of property damage, the indemnity includes direct material damage, defined as destruction or deterioration of the insured property as a direct result of the causal event, as well as lost profits ensuing from those direct damages where this is covered under the ordinary policy. In its turn, loss due to personal injury (life, accident) encompasses death, temporary disability, and permanent disability.

Indemnification for supplementary expenses (mud removal, sludge extraction, demolition, debris removal, transport to dump) is limited to 4% of the insured sum.

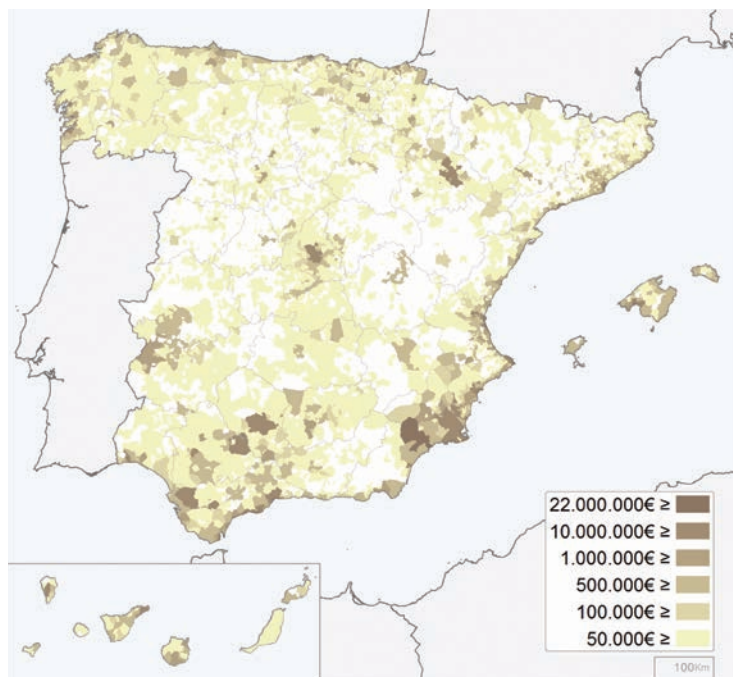
For direct property damage there is a deductible of 7% of the amount of indemnifiable damage payable by the insured, although for automobiles, homes, and apartment houses no deductibles are applied. There is no deductible whatsoever in the case of personal injury insurance, and in the case of covers for sundry pecuniary losses the deductible payable by the insured is the same as that set out in the policy. However, there is no deductible of any amount for home-related pecuniary losses (loss of use of the home, forced eviction, and loss of rental income).

Appraisal of the damage is carried out by claim adjusters appointed by CCS for that purpose, and CCS is not bound by any other assessments that may be performed and submitted by the insured or by the insurer. In the particular case of very strong windstorms, given that some time is necessary for the weather service to determine in which areas could have been reached the threshold activating CCS's cover, there is an agreement with the Spanish Insurers' Association (Unespa) in order to quick up the assessment and indemnification of losses to those affected, being thus all losses assessed and indemnified by private companies. CCS reimburses later the losses to the insurers in the municipalities where the threshold was reached or surpassed.

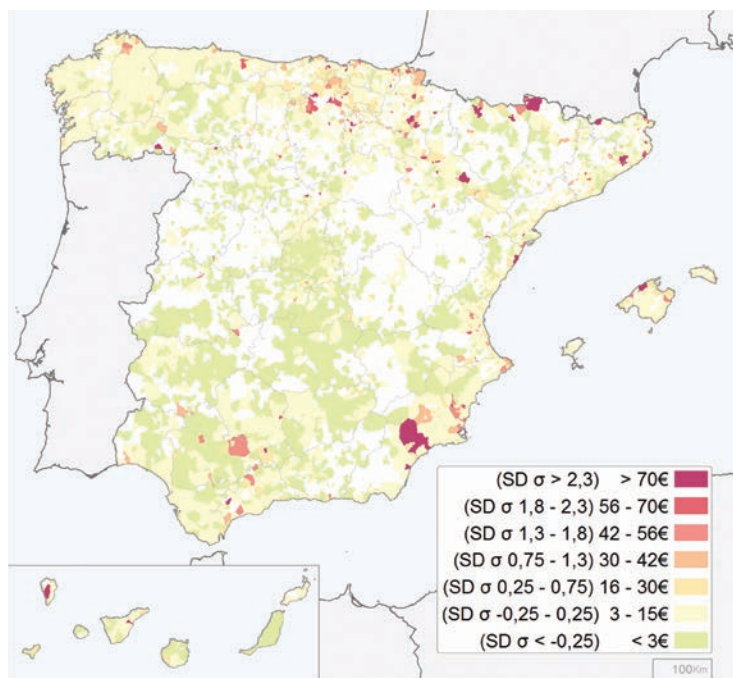




Mean yearly loss  
indemnified per  
municipality  
by natural-caused  
extraordinary  
risks  
(1996-2021)



Mean yearly loss  
per municipality  
and inhabitant  
by natural-caused  
extraordinary  
risks  
(1996-2021)



#### 4.5. Exclusions from coverage

There is no entitlement to compensation under the scope of this scheme in the following cases:

- a. In terms of the insurance taken out, where the damaged values are not covered or, where they are covered, the policy belongs to a line of insurance not included in the scheme.
- b. In terms of the direct cause of the damage, where the loss event is other than those listed as a covered risk. Accordingly, the following damages are not covered: those directly caused by rain or hail, by the weight of ice or snow, by rising groundwater levels, by ground movement, landslides, or ground settling (except where these are produced by the action of rainwater and flooding occurred in the area concomitantly with those events), by armed conflict, or by acts of civil unrest in the course of demonstrations and strikes organized in conformity with the law currently in force.
- c. In terms of the extent of damage, where, due to the size and extreme severity, the loss has been declared to be a “national disaster or calamity” by the Government of Spain. No such case has ever arisen in the history of CCS, notwithstanding the large losses caused by certain catastrophic events.
- d. In terms of the type of damage, where the damage is indirect or the direct and indirect damage produced results in losses other than lost profits. For instance, losses resulting from alterations in any type of power supply are not covered.
- e. In terms of when the losses occur, where those have occurred before the premium has been paid.



#### 4.6. CCS surcharge. Compulsory nature, rate, and collection

Inclusion of the extraordinary risk surcharge on the invoices for all policies of the lines of insurance referred to above is compulsory. Since the responsibility of CCS to handle indemnification does not benefit from any sort of public funding, the surcharge is the main source of funding enabling CCS to fulfil its commitments pursuant to its coverage of extraordinary risks.

CCS surcharge is the result of applying a specified rate to the sum insured under the policy. The rate differs according to the type of value covered but is applied generally for the whole of Spain and for all risks included under the scheme without distinction, and is independent of the degree of exposure. Aside from certain special cases, the general annual rates are as you can see on the right column.

Insurers are tasked with collecting the surcharges along with their premiums and with depositing the surcharges with CCS monthly minus a collection fee of 5%.

#### 4.7. Equalization reserve and financial balance

To deal with indemnities, CCS builds up an equalization reserve, similar to a provision for fluctuation in loss rates. This is endowed with the annual benefits (after taxes). However, it is to be noted that the point here is not in fact to offset unexpected deviations but rather to prepare for the cyclical peaks in loss incidence rates that occur randomly over time, which makes it necessary to periodise funding of the costs by means of a constant premium. In the event this fund would not be sufficient to face indemnities, there is a State guarantee to face them, although it must be said that this guarantee has never been used in CCS' history.



##### a. For property damage:

- Homes and apartment houses: 0.07 per mille.
- Offices: 0.12 per mille.
- Shops, shopping centres, department stores, other similar establishments and industry: 0.18 per mille.
- Automobiles: a fixed amount according to vehicle type (for passenger cars, 2.10 euros per vehicle).
- Civil engineering works: various rates according to the type, ranging from 0.28 per mille for motorways, roadways, railways and pipelines, to 1.63 per mille for marinas.

##### b. For personal injury (life and accident covers):

- The general rate is 0.003 per mille, special cases excepted.

##### c. For business interruption:

- Homes and apartment houses: an additional rate of 0.0035 per mille applied to the sum insured against material damage.
- Remaining risks: a rate of 0.18 per mille applied to the sum insured against lost profits.



## 5. Compulsory motor car thirdparty liability insurance

### 5.1. Background

In Spain, as in every country from the European Economic Area (EEA), victims of traffic accidents have medical attention and compensation guaranteed, to be paid by the insured of the vehicle at fault. It is a compulsory coverage sought to ensure that whoever is responsible for a traffic accident is able to fulfil his or her obligation to repair through insurance the harm caused.

In given exceptional cases (e.g. accidents caused by unknown, uninsured or stolen vehicles) there is an instrument in place aimed to ensure support to the victims: the guarantee Fund for Traffic Risks, role performed by CCS, which goal is protecting the victims of accidents taking place in the EEA. This evolving coverage has expanded and enhanced significantly in compliance with the corresponding Community Directives.

### 5.2. Legislative framework

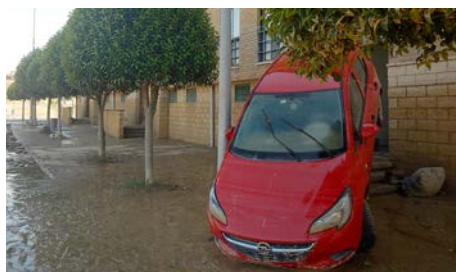
CCS' tasks in relation to compulsory motor car insurance are laid down in:

- Its Legal Status (cited above).
- The Motor Vehicle Use and Driving Civil Liability Act
- The Compulsory Motor Vehicle Use Civil Liability Insurance Regulation.

### 5.3. Duties as a direct insurer. Policies issued by CCS

Direct insurance activity by CCS is restricted to the area of third-party liability insurance and resembles that of any other insurer, with the collection of a premium and issue of a policy in the following two cases:

- a. Private vehicles.** CCS provides compulsory motor car third-party liability insurance for vehicles whose request for insurance has not been accepted or has been turned down by at least two insurers.
- b. Vehicles of public institutions.** CCS provides coverage for third-party liability of official vehicles (vehicles of the national, regional or city governments, or public bodies attached to any of the foregoing) on request of such insurance through CCS. In this case CCS may agree to cover motor car third-party liability in excess of the limits of compulsory insurance.



## 5.4. Guarantee Fund

As guarantee fund CCS takes charge of indemnities for damage sustained in the circumstances described below within the territorial scope and up to the quantitative limit of the compulsory insurance.

**a. Unidentified vehicles.** Personal injuries caused by accidents in Spain in which the vehicle responsible is unidentified. However, where an accident caused by an unidentified vehicle results in significant personal injury, CCS also has the obligation to indemnify for any property damage resulting from the accident in question. For these purposes, 'significant personal injury' is defined as death, permanent disability, or temporary disability involving a hospital stay of more than seven days.

**b. Uninsured vehicles.** CCS covers personal injuries and property damage caused by uninsured vehicles.

**c. Stolen vehicles.** CCS covers personal injuries and property damage caused by insured vehicles that have been stolen or used without authorization.

In cases b and c above, personal injury and property damage sustained by voluntary occupants of the vehicle that caused the accident who knew that the vehicle had been stolen or was uninsured are excluded from coverage by CCS, provided that CCS can prove that the said persons were aware of those circumstances.

**d. Dispute between CCS and the insurer.** CCS covers at first personal injury and damage to property in cases falling within the purview of the compulsory cover or of the three preceding items where a dispute arises between CCS and the insurer of a party involved in the accident regarding who is responsible for indemnifying the injured party.

**e. Insurer insolvent or in liquidation.** CCS covers personal injury and damage to property where the Spanish insurer of a vehicle normally based in Spain has been declared insolvent by a court or has been dissolved and is insolvent and has thus been ordered into forced liquidation procedure or this winding-up has been taken over by CCS.

**f. Injured residents of other States in the European Economic Area (EEA).** Reimbursement of indemnities paid out to such injured parties by the corresponding organizations in charge of indemnification in the following cases:

- Where the vehicle that caused the accident is normally based in Spain and the insurer cannot be identified.
- Where an accident has occurred in Spain and the vehicle responsible cannot be identified.
- In the case of vehicles normally based in other countries that are parties to the Green Card scheme, where an accident has occurred in Spain and the insurer cannot be identified or the vehicle responsible is uninsured.

**g. Vehicles imported into Spain from another Member State of the EEA.** CCS covers personal injury and damage to property where the vehicle is uninsured and the accident has taken place within 30 days of acceptance of delivery of the vehicle.

## 5.5. Territorial scope of CCS coverage

The compulsory insurance scheme guarantees the third-party liability cover for automotive land vehicles based normally in Spain throughout the territory of the European Economic Area and the territory of those States that are parties to the Agreement between national insurers' bureaux of the Member States of the European Economic Area and other Associate States: Albania, Andorra, Azerbaijan, Belarus, Bosnia and Herzegovina, Iran, Israel, Moldova, Montenegro, Morocco, North Macedonia, Russia, Serbia, Switzerland, Tunisia, Turkey, Ukraine and the United Kingdom.

Coverage extends to any type of stay of insured vehicles in the territory of another Member State of the EEA while the policy is in force.

## 5.6. Premiums and surcharges

- a. **Direct cover.** In the case of private vehicles, CCS will decide in each case the amount of the premium to be paid by policy holders whose compulsory insurance cover has been turned down by insurers and in so doing will take into account the possible adverse selection component. It will also set the premium to be charged for the vehicles of public institutions.
- b. **Guarantee fund.** The surcharge has been set at 1.5% of the commercial premium charged by insurers for the compulsory vehicle cover and is to appear as such on the corresponding invoice for premiums.
- c. **Collection.** The collection procedure differs for premiums (direct insurance activity) and for surcharges (guaranty fund activity). CCS collects premiums directly itself, whereas it is the insurers who bear responsibility for collecting surcharges and subsequently paying them to CCS.

## 5.7. Indemnities

### a. Direct cover

- Under the compulsory insurance cover, CCS is liable to indemnify the injured party for injuries and damage sustained up to the legally established limit (for personal injury 70 million euros per claim, irrespective of the number of victims, and for property damage 15 million euros per claim).
- In the case of official vehicles of government bodies that have opted to take out non-compulsory third-party liability insurance, coverage of damage to third parties is unlimited.

**b. Guarantee fund.** CCS is required to indemnify injured parties within the national territory of Spain up to the quantitative limit of the compulsory cover; injured parties may also take direct action against CCS.

**c. Medical attention and other covers.** In addition to the above-mentioned indemnities, CCS shall defray all anticipated costs of future medical attention and other indemnities laid down in Title IV of the consolidated text of the Motor Vehicle Use and Driving Civil Liability Act.

**d. Right of recovery.** CCS exercises this right in the same cases as other insurers, that is, in accordance with Article 10 of the consolidated text of the Motor Vehicle Use and Driving Civil Liability Act. CCS may also exercise this right against the owner and the party responsible for an accident where the vehicle is uninsured or against the perpetrators, accomplices, or accessories after the fact involved in the theft or unauthorized use of the vehicle that has caused an accident and against the party causing an accident who had knowledge of the said theft or unauthorized use.

## 5.8. Informative Record of Insured Vehicles [Fichero Informativo de Vehículos Asegurados (FIVA)]

**a. Purpose of the FIVA.** CCS has been tasked with operating the FIVA in the context of the compulsory motor car third-party liability insurance, for two primary purposes:

- To furnish the necessary information to enable persons involved in a traffic accident to ascertain, without undue delay, the name of the insurer covering the third-party liability of each one of the vehicles involved in the accident.
- To contribute to monitoring of the obligation of all owners of motor vehicles normally based in Spain to take out and keep renewed an insurance policy that covers the third-party liability of motor vehicle use within the purview and up to the limits set by the compulsory insurance cover. Accordingly, the law provides that CCS shall deliver the information contained in the FIVA to the General Directorate of Traffic on a daily basis.

**b. Information in the FIVA.** Insurers are legally required to give notice, on a daily basis, of the vehicles they insure and cease to insure. The data on file in the FIVA are basically the plate number, the type of compulsory insurance cover (duration and the dates of the start and end of coverage), and the name of the vehicle's insurer.

**c. FIVA data may be released to:**

- The parties involved in traffic accidents, i.e., both the parties in an accident who have sustained personal injury or property damage and the insurers who request information in their capacity as representatives of the injured parties in the traffic accident.
- The Ministry of the Interior through the General Directorate of Traffic.
- The Office of the Attorney General, judges, courts and tribunals.
- The Spanish Office of Automobile Insurers [Oficina Española de Aseguradores de Automóviles (OFESAUTO)].
- Compensation bodies, information centres, and guaranty funds of other Member States of the EEA.
- Medical centres and emergency medical services that have agreements with CCS and with insurers for medical assistance to injured traffic victims.





## 5.9. CCS as Information Centre

a. **CCS' role as Information Centre:** losses that occur in a Member State other than the State of residence of the injured party. CCS' duties as an Information Centre fall within European Union regulations for protecting traffic accident victims in a Member State other than the one in which they are resident. The purpose is to enable parties injured by an accident to seek compensation in his or her State of residence so that a claim can be handled in that State and in the official language of that State.

Insurers based in Spain and branches of third countries in the territory of Spain are to appoint a representative in the other Member States of the European Economic Area (EU Members plus Iceland, Liechtenstein and Norway) to process and settle, in the State of permanent residence of the injured party, losses caused by vehicles normally based and insured in a Member State of the EEA.



The said representative is to reside in or be established in the Member State in which it is to operate and shall have sufficient authority to represent the insurer and pay injured parties compensation in full.

Along these same lines, insurers in the other Member States of the EEA have the same obligations and are to appoint a representative to process and settle losses suffered by Spain residents in another Member State.

b. **Duties of CCS as an Information Centre.** CCS acts as the Information Centre for accidents caused by vehicles normally based and insured in a Member State of the EEA. CCS supplies injured party with the information needed to be able to submit claims to the insurance company or their representatives so that they can process and settle claims. It also supplies injured party with the name and address of the owner, regular driver, or legal holders of the vehicle normally based in Spain where the said injured party have a lawful interest in obtaining that information. The General Directorate of Traffic or the insurance company have to furnish these particulars to CCS.



## 6. Multi-peril agricultural insurance

### 6.1. Introduction

Act No. 87/1978 established the current Multi-Peril Agricultural Insurance system (SAC). The Implementing Regulations to the Act were issued the following year, and the first yearly Multi-Peril Agricultural Insurance Plan was approved in 1980. The Government lays down the guidelines for this insurance under its yearly plans, setting the crops to be protected by the insurance and the perils to be covered.

This is a non-compulsory insurance scheme for farmers, but if insurance is taken out for a crop, it must be taken out for the entire crop being raised. Coverage is taken over by the insurers that each year make up the coinsurance framework, which must be approved by the Directorate-General for Insurance and Pension Funds.

The Spanish Pool of Combined Agricultural Insurance Companies (AGROSEGURO) handles and manages this insurance scheme for insurers.

The Government participates actively in this branch of insurance by supporting, monitoring, and promoting the scheme, which, since its inception, has served as an instrument for managing the agricultural sector and stabilizing farm income. The scheme is subsidized by the National Government's General Administration under the National Agricultural Insurance Agency (ENESA), a subsidiary body of the Ministry of Agriculture, Fishing and Food as well as by the regional governments.

Through their farmers' organizations and associations, policyholders play an important role in designing the scheme under ENESA's General Committee.

The principle of solidarity, a basic feature of the insurance, takes on particular importance in this connection.

### 6.2. Duties of CCS in the Combined Agricultural Insurance Scheme

CCS has the following functions in this regard:

- a. CCS is one of the co-insurers, with a stake of 10%. It has been performing this function continuously since 1985, taking charge of different percentages within the coinsurance framework over the years.
- b. CCS acts as the compulsory reinsurer for the scheme (handling "excess of loss" reinsurance) in the terms laid down by the Ministry of Economic Affairs and Digital Transformation. As reinsurer CCS pays compensation for most of the excess in years, every time more frequent, in which the co-insurers as a whole sustain excess losses.

Since the different lines of insurance, and indeed the risks covered themselves, can behave quite differently, the reinsurance scheme offers three distinct covers for the various lines, namely, the categories "viable", "experimental", and "animal removal and destruction costs". The high level of risk taken on under the various covers offered requires protection of the overall scheme by means of public reinsurance to ensure proper operation and continuation of this insurance system.

The resources used for the reinsurance come from surcharges on premiums. These surcharges are separate for the categories of insurance lines on the basis of the different levels of risk.

Where managing these resources yields a profit, these are added to a specific equalization reserve, for the purpose of being able to face future losses. This reserve receives special tax treatment within certain limits reviewed on a regular basis.

Both in its role as co-insurer and in its role as reinsurer of the scheme, CCS' mission has been extremely important from the inception of the Combined Agricultural Insurance scheme.

- c. Through its supervision of claims adjustment for losses, CCS is able to be highly effective in its role as reinsurer.

## 7. Winding-up activity and assistance in restructuring insurance companies

The Insurer and Reinsurer Management, Supervision, and Solvency Act, Act No. 20/2015 of 14 July 2015 (LOSSEAR) and Royal Decree No. 1060/2015 of 20 November 2015 approving the Implementing Regulations to that Act set up special regulations for the winding-up of insurance companies by CCS, with different procedures for insurers that are solvent and those that are insolvent.

Further, the LOSSEAR has assigned CCS the additional function of helping and supporting the Directorate-General for Insurance and Pension Funds where it orders special supervision and intervention of operating insurance companies, thereby helping to keep the sector on a sound footing, in all cases by order of and under the direction of the supervisory authority.


In the scope of its winding-up activity, CCS can take on either of two legal roles which will define its functions:

- Liquidator in administrative proceedings, when it is charged with this task by the Minister of Economic Affairs and Digital Transformation or by the competent of the authority of the region concerned.
- Insolvency administrator or mediator in insolvency proceedings involving an insurer.

In either case it may apply the liquidation benefits laid down in the LOSSEAR, namely:

- 1 The acquisition of the credits related to the insurance policies, by paying the insureds the corresponding amounts, proportionally corrected according to the evaluation of the company assets, applying a series of enhancements, in relation to the liabilities side of the balance sheet.
- 2 Settling in advance the debts owed to employees in the form of salaries and severance payments for dismissal within the limits laid down in Article 52.c) or Article 53.1.b) of the consolidated text of the Labour Code, acquiring the part of the salaries and severance payments payable by the Salary guarantee Fund (FOGASA) and acting on behalf of the employees.
- 3 Recovery of the liquidation expenses by CCS will depend on full settlement of all other debts approved in the liquidation plan.





Comparing this system to other systems outside Spain for protecting policy holder creditors in cases of liquidation of insurance companies:

- 1** CCS does not act as a guarantee Fund in that it does not guarantee policy holder creditors a previously established level of protection; rather, CCS decides on the percentage acquisition of policy holder credits according to the status of each company's assets, with a series of enhancements that apply both to the assets and the liabilities up to and including 100 % of the current value of the credits.
- 2** The principle of registered office location of the company undergoing liquidation in Spain applies with respect to the extent of protection, extending to both life and non-life transactions.
- 3** The principle of risk location status applies with respect to the system used to fund the liquidation steps. Furthermore, only non-life transactions are involved in funding the liquidation steps.
- 4** To provide resources for winding-up-related activities, there is a surcharge or fixed charge on premiums of 1.5 per mille as a compulsory *ex ante* contribution by policy holders, collection being managed by the insurer. Revenues from these surcharges build up another specific fund for this activity.

The main features of CCS' winding-up activity apart from insolvency proceedings against insurance companies, are:

- 1** Replacement of all management bodies of the company undergoing liquidation, so shareholder or mutualist meetings cease to be held.
- 2** Non-debtor status and no liability on the part of CCS, its subsidiary bodies, representatives, or agents re the obligations and responsibilities of the insurer or its directors.
- 3** Compulsory inclusion of all creditors in the winding-up proceedings, hence neither the creditors nor the insurer may seek a declaration of bankruptcy. CCS will only seek such a declaration where the creditors' meeting does not approve the liquidation plan or the Directorate-General for Insurance and Pension Funds does not approve the plan.
- 4** Maturity of all of the insurer's outstanding debts with discontinuation of the accrual of interest, except for mortgages and pledges up to the limit of the guarantee.
- 5** Cessation of enforcement of all judgments, liens, and pending proceedings in and out of court from referral to the end of the liquidation proceedings.
- 6** Advance of funds for the liquidation expenses, charged to the CCS' specific resources.





## 8. Risk knowledge and prevention

The Legal Status of CCS establishes that, among the other tasks of the Entity, risk prevention also stands out. CCS performs this function in several direct and indirect ways.

Directly, through its different insurance tasks, CCS facilitates insuring many persons and properties, thus reducing the protection gap. A high degree of insurance take-up enhances the capacity response, reducing social and economic vulnerability and lowering risk levels. This factor is particularly important in the case of the Extraordinary Risk insurance and also in the Multi-peril Agricultural Insurance.

Indirectly, CCS takes part in several national and international fora related to catastrophic risk management for people, property and agricultural productions, as well as in others related to road safety and motor car insurance. Many of those fora deal with rising protection for those affected and victims as well as with risk reduction. Particularly, and in the case of

the 'extraordinary' risks, CCS owns possibly the most complete and detailed loss database for the covered perils, such as floods and earthquakes. It is a basic source of information both for knowing the economic burden of disasters in Spain and for establishing a baseline to determine their future impact, driven by the rise of exposure and by the rise in hazard levels caused, for instance, by climate change. These loss data are also useful to determine which adaptation measures are more suitable, through cost-benefit analysis.

CCS takes part of an environment comprising bodies with competencies in managing risks, such as weather, hydrological, geological and civil protection services, as well as research institutions and the academia. They all share the goal of reducing risks and rising safety and the economic and physical resilience of society through a better knowledge of risks and the development of the right prevention and adaptation tools.

### Related websites

- *Consorcio de Compensación de Seguros*: [www.conorseguros.es](http://www.conorseguros.es)
- "Conorseguros" Digital Bulletin: [www.conorsegurosdigital.com/idioma/en](http://www.conorsegurosdigital.com/idioma/en)
- Directorate-General for Insurance and Pension Funds [Dirección General de Seguros y Fondos de Pensiones]: [www.dgsfp.mineco.es](http://www.dgsfp.mineco.es)
- AGROSEGURO (Spanish Pool of Multi-Risk Agricultural Insurance Companies [Agrupación Española de Entidades Aseguradoras de los Seguros Agrarios Combinados, S.A.]): [www.agroseguro.es](http://www.agroseguro.es)
- ENESA (National Agricultural Insurance Agency [Entidad Estatal de Seguros Agrarios]): [www.mapa.gob.es/es/enesa/](http://www.mapa.gob.es/es/enesa/)
- OFESAUTO (Spanish Office of Automobile Insurers [Oficina Española de Aseguradores de Automóviles]): [www.ofesauto.es/en/](http://www.ofesauto.es/en/)
- UNESPA (Spanish Union of Insurers and Reinsurers [Unión Española de Entidades Aseguradoras y Reaseguradoras]): [www.unespa.es/en/](http://www.unespa.es/en/)
- "Estamos Seguros": [www.estamos-seguros.es/](http://www.estamos-seguros.es/)
- Naturally protected campaign: [www.unespa.es/main-files/uploads/2022/10/A4\\_Natural\\_Hazards\\_en-FINAL.pdf](http://www.unespa.es/main-files/uploads/2022/10/A4_Natural_Hazards_en-FINAL.pdf)
- World Forum of Catastrophe Programmes: [www.wfcatprogrammes.com](http://www.wfcatprogrammes.com)

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