

# Legal Flash

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## Occupational insurance in Greece enters into a new era

Enactment of the Law 4680/2020, entitled as “Transposition into the Greek Legislation of the Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) and other legal provisions”, with important reforms for the occupational insurance regime in Greece, including - among others - the following:

### Establishment of new forms of occupational insurance institutions

Law 4680/2020, as in force is applicable retroactively from 13.1.2019, provides for the possibility of establishment of two different forms of institutions for the provision of occupational retirement; on the one hand, (a) the Institutions for Occupational Retirement Provisions (“IORPs” - in Greek “Ι.Ε.Σ.Π”) and on the other hand, (b) the Institutions for Occupational Retirement Provisions – Occupational Insurance Funds (in Greek “Ι.Ε.Σ.Π – Τ.Ε.Α”), which are established in accordance with the provisions of article 7 of Law 3029/2002, which remains in force.

### Establishment of an IORP with less than 100 members

Pursuant to the provision of art. 4 of the law, it appears that the establishment of an IORP with less than 100 members/insured persons to the Institution is now possible.

### Cross-border activities and transfers

Furthermore, the new law paves the way for the full transfer of assets and liabilities, from one Occupational Insurance Fund to another, given that, pursuant to the provision of art. 11, the Occupational Insurance Funds may transfer, in full or in part, the liabilities and technical provisions (technical reserves) of a pension scheme and other obligations and rights, as well as the corresponding assets or an equivalent monetary amount, to the receiving IORP, without, incurring transfer costs against the other members and beneficiaries of the transferring Occupational Insurance Fund nor the members and beneficiaries of the receiving IORP.

The conditions for both cross-border transfers and cross-border activities are further specified, especially in terms of clarifying the role of supervisory authorities in the transfer process.

### Funding of technical provisions

The obligation for drawing up a recovery plan with specific timetable is now envisaged, in case the Occupational Insurance Funds do not have sufficient assets to cover the technical provisions, in order to ensure at all times the adequacy and appropriateness of the assets to cover the technical provisions required in respect of the total range of pension schemes operated.

### Information for members / prospective members and beneficiaries

The information framework for insured persons is strengthened, as each Occupational Insurance Fund must provide to its (prospective) members and beneficiaries, extensive and detailed information regarding - among other things - the Institution itself, the rights and obligations of participants in the pension scheme, the investment characteristics, or any information related to changes in the rules of the pension scheme, in a timely manner, etc.





Respectively, the new law requires the provision of specific types of documentation, through which the above information will be provided, such as, for example, the declaration of retirement benefits, disclosure documents during the pre-retirement stage and the payment stage, etc.

#### Investment rules

Given the role of Occupational Insurance Funds, as part of the second pillar of social security, a set of investment rules are introduced. In any case, any investments should be realized in accordance with the rule of "prudent management", as it is further specified in the law.

#### Governance rules

The new law enhances the governance framework for Occupational Insurance Funds, towards the efficient and prudent management of its activities, by taking, however, into account the size, nature, scale and complexity of the activities of said Funds.

Notwithstanding the above, the issuance of a Ministerial Decision, which will amend, supplement and codify the existing Code of Ethics and Good Practices of the Occupational Insurance Funds, is expected.

#### Prudential Supervision

For the protection of the rights of members and beneficiaries and for ensuring the stability and reliability of Occupational Insurance Funds, the new law fortifies the existing supervision framework, by specifying the scope of each supervisory authority (Ministry of Labor, National Actuarial Authority, Hellenic Capital Market Commission), the parameters of the supervisory audit and the on-site inspection and the obligations for transparency and accountability borne by the Occupational Insurance Funds. A Ministerial Decision, determining the sanctions and all kinds of measures imposed in the context of supervision, is expected to be issued.

It is important to note that each individual case needs to be examined based on its own merits, and that the above-mentioned general principles might not necessarily capture all possible eventualities. Our expert advisors are in a position to advise you on the implications arising from a Greek perspective in relation to your specific case.

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This information is intended only as a general update for interested persons and should not be used as a basis for decision-making. For further details please contact PwC: 268, Kifissias Avenue 15232 Halandri tel. +30 210 6874400

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