



Markt/2523/05

NOTE TO THE MEMBERS OF THE EIOPC

Subject: Solvency I - Results of the annual review of the amount of the minimum guarantee fund (life and non-life) and the premium and claims indices (non-life)

The purpose of this note is:

To present the results of the annual review of the minimum guarantee fund (life and non-life) and the premium and claims indices (non-life) required under Article 30 of Directive 2002/83/EC¹ and Article 1(5) of Directive 2002/13/EC².

The review has been conducted in accordance with the methodology proposed and agreed at the 36th meeting of the Insurance Committee held on 1st December 2004³. The review indicates that the increase in the consumer price index since the last adaptation exceeds 5% and as a consequence the minimum guarantee fund, premium and claims index figures need to be updated.

Question to the Members of the EIOPC:

- *Do you agree with the new figures for the Minimum Guarantee Fund, Premium and Claims index?*
- *Do you agree to implement the changes in amounts by 1 January 2007, in accordance with the decision made at the 36th meeting of the Insurance Committee?*

¹ OJ L 345, 19.12.2002

² OJ L 77, 20.3.2002

³ MARKT/2520/04

1. BACKGROUND

At the 36th meeting of the Insurance Committee the Commission proposed a methodology for the annual review of the minimum guarantee fund (life and non-life) and the premium and claims indices (non-life) required under Article 30 of Directive 2002/83/EC and Article 1(5) of Directive 2002/13/EC.

Under the Commission's proposal the reference period would be 12 months ending on 20 March each year, the relevant index would be the "European index of consumer prices" (EICP) and Member States would have until the end of the following year to implement any changes.

The Insurance Committee agreed the Commission's proposed methodology and proposed approach to implementation of any changes required. The Insurance Committee also agreed that on the basis of analysis conducted by the Commission using the new methodology, no changes were required in 2004 as the percentage increase over the period March 2002 to March 2004 was 3.90%, below the 5% threshold.

2. REVIEW

The Commission has conducted a review of the minimum guarantee fund (life and non-life) and the premium and claims indices (non-life) in accordance with the methodology agreed by the Insurance Committee. The results of this review are shown in the attached annex.

The review concludes that the EICP has increased by 6.07% (from 110.3 to 117) during the review period (20 March 2002 – 20 March 2005) and consequently changes are required.

A 6.07% increase, rounding up to the nearest €100,000, translates into a revised lower Minimum Guarantee Fund of €2.2 million and a higher Minimum Guarantee Fund of €3.2 million as opposed to €2 million and €3 million respectively, and a revised premium index of €53.1 million and a revised claims index of €37.2 million instead of €50 million and €35 million respectively.

- ***Do you agree with the new figures for the Minimum Guarantee Fund, Premium and Claims index?***

In accordance with the standard approach to implementation agreed by the Insurance Committee, the revised amounts should be implemented by Member States under national law with an effective date for application before 1 January 2007.

- *Do you agree to implement the changes in amounts by 1 January 2007, in accordance with the decision made at the 36th meeting of the Insurance Committee?*

In accordance with the legal obligation in the Directive, the Commission will inform the European Parliament and the Council of the review and the adapted amounts.

The Commission also proposes to publish the adapted amounts in the Official Journal.

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