



**MARKT/75948/2008**  
**December 2008**

### **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)**

Article 30 of Directive 2002/83/EC and Article 1(5) of Directive 2002/13/EC require that Euro amounts of minimum guarantee funds (life and non-life) and the premium and claims indices (non-life) be reviewed annually in order to take account of changes in the European index of consumer prices comprising all Member States as published by Eurostat and that the amounts should be adapted automatically if the percentage change in the consumer price index is greater than 5%.

At the 36<sup>th</sup> 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). 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.

#### ***Review in 2005***

At the second EIOPC meeting of 2 December 2005 it was agreed that on the basis of analysis conducted by the Commission, changes were required in 2005 as the percentage increase over the period from 20 March 2002 to 20 March 2005 was 6.07%, above the 5% threshold.

A 6.07% increase, rounding up to the nearest €100,000, was translated into a revised lower Minimum Guarantee Fund of €2.2 million and a higher Minimum Guarantee Fund<sup>1</sup> 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.

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<sup>1</sup> Higher Minimum Guarantee Fund is applicable for Non-Life Insurance classes 10-15 listed in point A of the Annex of Directive 73/239/EEC and life assurance.

## ***Review in 2008***

The Commission has conducted a review which concludes that the EICP has increased by 8.34% (from 99.32 to 107.6, May 2005=100) during the review period (20 March 2005 – 20 March 2008) and consequently changes are required (8.34% > 5.0%).

Article 30 of Directive 2002/83/EC and Article 1(5) of Directive 2002/13/EC require that the base amount shall be increased by the percentage change in the EICP index over the period between 20 March 2002 and the review date (i.e. 20 March 2008) and shall be rounded up to a multiple of €100,000. The review concludes that the EICP has increased by 14.9% (from 93.65 to 107.6, May 2005=100) during the review period (20 March 2002 – 20 March 2008).

A 14.9% increase, rounding up to the nearest €100,000, translates into

- a revised lower Minimum Guarantee Fund of €2.3 million and a revised higher Minimum Guarantee Fund of €3.5 million as opposed to a base amount €2.0 million and €3.0 million respectively (€2.2 and €3.2 million as a result of the review in 2005), and
- a revised premium index of €57.5 million and a revised claims index of €40.3 million instead of a base amount €50.0 million and €36.0 million respectively (€53.1 and €40.3 million as a result of the review in 2005).

The results of the review are shown in the attached ***annex***.

### ***Questions to the EIOPC members***

*Do you agree that the consumer price index has increased by more than 5 % since the last adaptation?*

*Do you agree that adaptation of the minimum guarantee fund, premium and claims index figures is required?*

Please send your comments by **15 January 2009 at the latest**.

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 2010.

Contact:

Lukáš BORTEL, Telephone:(32-2) 296.14.69, lukas.bortel@ec.europa.eu