



October 2009
markt.h.2(2009)309793

NOTE TO THE MEMBERS OF THE EIOPC

Subject: Reinsurance Directive - Results of the annual review of the amount of the guarantee fund

The purpose of this note is:

To present results of the annual review of the guarantee fund for reinsurance undertakings and captive reinsurance undertakings as required under Article 41 of Directive 2005/68/EC.

The review indicates that the increase in the consumer price index since the last adaptation does not exceed 5%. As a consequence no adaptation of the guarantee fund for reinsurance undertakings and captive reinsurance undertakings is required. The review has been conducted in accordance with the methodology proposed and agreed at the 8th meeting of the European Insurance and Occupational Pensions Committee.

Article 41 of Directive 2005/68/EC on reinsurance and amending Council Directives 73/239/EEC, 92/49/EEC as well as Directives 98/78/EC and 2002/83/EC requires that Euro amounts of guarantee fund for reinsurance undertakings and captive reinsurance undertakings 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 8th meeting of the European Insurance and Occupational Pensions Committee the Commission proposed a methodology for the annual review of the minimum guarantee fund for reinsurance undertakings and captive reinsurance undertakings. Under the Commission's proposal the reference period would be 12 months ending on 10 December 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 European Insurance and Occupational Pensions Committee agreed the Commission's proposed methodology and proposed approach to implementation of any changes required.

Review (review period from 10 December 2005 to 10 December 2007)

The Commission conducted a review which concluded that the EICP had increased by 5.39% (from 101.30 to 106.48,¹ May 2005=100) during the review period (from 10 December 2005 to 10 December 2007) and consequently changes were required (5.39% > 5.0%).

Article 41 of Directive 2005/68/EC requires that the base amount shall be increased by the percentage change in the EICP index over the period between 10 December 2005 and the review date (i.e. – 10 December 2007) and shall be rounded up to a multiple of €100,000. The review concludes that the EICP has increased by 5.39%.

A 5.39% increase, rounding up to the nearest €100,000, translated into

- a revised reinsurance undertakings' Minimum Guarantee Fund of €3.2 million and
- a revised captive reinsurance undertakings' Minimum Guarantee Fund of €1.1 million.

In accordance with the standard approach to implementation agreed by the European Insurance and Occupational Pensions Committee, the revised amounts should be implemented by Member States under national law with an effective date for application before 1 January 2010. In accordance with the legal obligation in the Directives, the Commission has informed the European Parliament and the Council of the review and of the adapted amounts. The Commission has also published the adapted amounts in the Official Journal.²

Review (review period from 10 December 2007 to 10 December 2008)

The Commission has conducted the annual review of the guarantee fund for reinsurance undertakings and captive reinsurance undertakings in accordance with the methodology agreed by the European Insurance and Occupational Pensions Committee. The EICP has increased by 2.16% (from 106.61 to 108.91³) during the review period (10 December 2007 – 10 December 2008) and consequently no changes are required.

Questions to the EIOPC members

- ***Do you agree that the consumer price index has not increased by more than 5% in the period December 2007 – December 2008?***
- ***Do you agree that no adaptation of the minimum guarantee funds is required?***

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

Contact:

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

¹ EUROSTAT data of 2 February 2009.

² OJ C 63 of 18.03.2009.

³ EUROSTAT data of 14 September 2009.