



June 2010
markt.h.2(2010)376578

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 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/EC and Article 1(3) of Directive 2002/13/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 minimum guarantee fund, premium and claims index figures is required. 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 2004.

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). 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 2008

In 2008 the Commission conducted a review which concluded 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 were 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 concluded that the EICP had increased

by 14.9% (from 93.65 to 107.6,¹ May 2005=100) during the review period (20 March 2002 – 20 March 2008).

A 14.9% increase, rounding up to the nearest €100,000, translated 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).

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. 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 in 2010

The Commission has conducted the annual 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 EICP has increased by 3.30% (from 107.73 to 111.29³) during the review period (20 March 2008 – 20 March 2010) and consequently no changes are required.

Questions to the EIOPC members

- ***Do you agree that no adaptations of the minimum guarantee fund, premium and claims index figures are required?***

Please send your comments by **15 September 2010 at the latest**.

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¹ EUROSTAT data of 5 December 2008.

² OJ C 41 of 19.02.2009.

³ EUROSTAT data of 10 June 2010.