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**COVER NOTE FOR THE PUBLIC CONSULTATION ON
INSURANCE GUARANTEE SCHEMES IN THE EU**

Context

The Commission began work on the subject of insurance guarantee schemes (IGS) at the request of one of the EU Member States in 2001.

The Insurance Committee set up a working group which met on nine occasions. This group examined the various issues raised by IGS and it was recognised that these issues are probably even more complex in the insurance field than those raised in the banking and securities markets areas where EU directives already require that guarantee schemes should be in place.

At the last meeting of the Working Group in December 2005, a majority of Member States was in favour of some European coordination in this area, although there was no consensus on the extent or content of such coordination.

In its White Paper on Financial Services Policy 2005-2010, the Commission recognised that a decision was needed on whether or not to propose legislation in this area.

The European Parliament, in one of its recommendations arising out of the Equitable Life Committee of Inquiry (N° 25), called on the Commission to proceed rapidly with the preparation of an IGS directive proposal.

In order to have a comprehensive picture of the situation in the EU Member States and a better insight into the functioning of existing schemes in the EU, the Commission contracted the OXERA consultancy to conduct a study on IGS in the EU both for life and non-life insurance (excluding motor insurance). The study was finalised at the end of November 2007 and was published on the Commission's website on 7 January 2008 (see http://ec.europa.eu/internal_market/insurance/guarantee_en.htm).

The report provides a detailed description and comparative analysis of the existing EU IGS for life and non-life insurance. The report examines the need for, and role of, an IGS as a last resort protection mechanism, and the cost of establishing such a scheme. Based on the assessment of the current situation and the potential problems arising from the coexistence of different national approaches to IGS, the report also presents an evaluation of the options available to improve on the status quo, both at national and EU level. The report provides a good basis for an informed policy debate on IGS in the EU.

Purpose of the consultation

The purpose of the present consultation on IGS is to provide stakeholders with the opportunity to comment on the main findings of the OXERA report and to make known their views on the desirability and feasibility of Community action in this area. The Commission will take account of the results of this public consultation when making its policy decision on the way forward on the IGS dossier.

We would therefore welcome comments and input from all interested parties, including industry and consumer representatives, Finance Ministries and Members of Parliament.

Consultation Process

The Commission will publish the consultation paper on its website on 07 May 2008. The consultation paper is based on the main findings of the OXERA report as set out in the Report's executive summary and asks a number of specific questions. An on-line electronic tool will be used to collect the responses and comments. The comments received will be used in accordance with the privacy statement. The consultation will last eight weeks and end on 07 July 2008. It will not be possible to take account of any comments submitted after this deadline.

In addition to collecting the written comments on-line, the Commission will also hold a **Public Hearing** on IGS in Brussels on **02 June 2008**.

Questions

Any questions regarding the consultation exercise should be addressed to:

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