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Orig.

Results of Review of Insurance Committee operation

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Introduction and Executive Summary

Subsequent to the initiative taken by the IC Chairman at the 31st IC Meeting held on 26th and 27th November last year, the Chairman wrote to all IC Members on 12th February 2003 with 10 proposals to improve the operation of Insurance Committee meetings.

This paper sets out the results of this consultation.

The general response was very positive with wide or very wide support for nearly all of the proposals. Agreement on a number of points was universal:

- these were that papers should be short and circulated in time,
- the duration of meetings should be a maximum of 1 day,
- debate should be focussed on a maximum of 3-4 main topics
- debate should be enhanced by expert presentations, and
- reports of meetings in other fora should be circulated in writing in advance of the IC meeting rather than being the subject of an oral presentation.

However, on a number of topics, there were minor nuances in the opinions expressed. For example, in relation to the speed (but not the principle) with which the 'Lamfalussy approach' is extended to insurance, the role of smaller Members in preparing IC meetings and the examination of financial conglomerate issues.

In particular, the subject of IC membership and, to a lesser extent, a possible restriction in sub-group participation were sensitive.

Question:

- ***Members are asked to take note of the results and make any further comments.***

Detailed analysis of proposals

Each proposal is presented and followed by a detailed analysis of the comments received and a draft conclusion. An extensive summary of the individual responses received is given in Annex.

Proposal 1

To achieve a better balance aim for 3-4 meetings a year, each strictly limited to a maximum duration of 1 day, and if possible shorter e.g. half-a-day.

There was wide agreement on holding 3-4 meetings a year although some (France – Finance Ministry) appeared to favour more, especially where required by a heavy workload, while others (Spain, Portugal) preferred less. Two countries (Portugal and Norway) considered that half day meetings were not efficient because of the travel time. Germany thought meetings should start after 9.30 am to permit morning travel.

Conclusion: Aim for 3 meetings a year of a maximum duration of 1 day, but increase the frequency where required.

Proposal 2

To the greatest possible extent, organise future IC Meetings back-to-back with meetings of other Committees (BAC, ESC, etc). MTG to address cross-sectoral issues, although joint sessions of the main parent Committees not excluded.

Most Member States broadly agreed with this proposal but France (both the Finance Ministry and the CCA) and Norway showed little enthusiasm. The UK (both Treasury and FSA) and Austria felt that the IC should continue to play a full role on cross-sectoral issues, while the MTG should examine issues related to the financial conglomerates directive.

Conclusion: To extent possible, organise future IC Meetings back-to-back with meetings of other Committees (BAC, ESC, etc). MTG to address conglomerate issues, but IC to play a full role on cross-sectoral issues. Joint sessions of the main parent Committees not excluded.

Proposal 3

Consider already moving to a 1+1 formula for Members to facilitate operational effectiveness and in anticipation of the application of the Lamfalussy approach.

Here opinion was finely balanced. While Belgium, Denmark, Spain, France (Finance Ministry) Ireland, Netherlands, Sweden, UK (Treasury) favoured the proposal; Austria, Germany, France (CCA), Finland, Italy, Luxembourg, Portugal, UK (FSA) and Norway had reservations. They preferred no change, or at least waiting until the extension of the Lamfalussy approach to insurance has been clarified. Germany in particular emphasised the need for an extensive orientation debate.

Conclusion: In the light of the opinions expressed it would seem premature to enter into debate at this time. The subject should be re-considered in the context of the roll-out of the Lamfalussy procedure to insurance.

Proposal 4

As a general rule, a maximum of 3-4 topics should be discussed in depth per meeting. Reports of past meetings in other fora or in sister Committees, should be circulated in writing at least 1 week before the meeting.

There was universal agreement.

Conclusion: Adopt proposal 4 as it stands.

Proposal 5

Papers should be short, aiming for maximum of 10 pages with a maximum 1 page executive summary and circulated ideally 2, minimum 1 week before the meeting.

Again there was universal agreement although the Netherlands and Portugal felt that papers should be circulated even earlier.

Conclusion: Adopt proposal 5 as it stands

Proposal 6

Member States should play a greater role in preparing debates and making presentations. High level outside experts may make presentations but would not participate in the general debate unless agreed. Plurality of opinion should be reflected.

While there was widespread agreement, there were some nuances. Austria Finland and Portugal, perhaps because of resource constraints, broadly felt the Commission should retain primary responsible for providing information. Spain considered it important to continue to have access to technical input from national experts during discussions, while Germany and France (CCA) thought that while redress to outside expertise was acceptable, this should be limited or subject to prior approval. The UK (FSA) recognised the value of plurality of opinion, but pointed to the dangers of too adversarial an approach.

Conclusion: Subject to resource constraints, Member States should play a greater role in preparing debates and making presentations. High level outside experts may make presentations but would not participate in the general debate unless agreed. Plurality of opinion should be reflected without leading to an adversarial approach.

Proposal 7

To improve the parent committee's oversight of sub-group activities: Member States may request the chairman to include a discussion of a sub-group's activities as an item on the draft agenda. At the same time the IC should hold more regular orientation debates on the sub-group's activities.

There was unanimous agreement on the basic proposal, although Ireland took the view that once a mandate was given to a sub-group, the topic should in principle not revert to the IC until either the task had been completed or such a discussion had been requested by the sub-group. Germany stressed the need for clear sub-group mandates with a short time horizon for results. Both France (Ministry of Finance) and the UK (FSA) referred to the need for reflection on mandates from the level 2 committee to the level 3 committee within a Lamfalussy framework.

Conclusion: Adopt proposal 7 as it stands

Proposal 8

Should it appear that the effective operation of IC sub-groups be threatened by expanded membership, Member States should exercise self-restraint in sub-group participation and the parent committee could establish task forces with limited membership to tackle specific issues.

In general there was widespread agreement. Spain supported the use of sub-groups but was of the opinion that the sub-group should carry out detailed work without taking responsibility for the overall policy assessment. While there was acceptance of the principle of establishing task forces with limited membership, Austria, Germany and Sweden stressed the importance of being able to participate fully in sub-groups.

Conclusion: Adopt proposal 8 as it stands

Proposal 9

Review the situation as soon as the timing and nature of the legal steps to be taken to extend the Lamfalussy approach to insurance is clarified.

Again there was near universal agreement, although Denmark and the UK (Treasury and FSA) favoured maximum alignment and the UK (FSA) sought clarification and firm proposals at the next IC. At the time the proposal was formulated the situation regarding the application of Lamfalussy to the insurance sector was less clear. The establishment of the level 3 Committee and the correct legal approach to the establishment of the level 2 Committee is now being examined. Therefore this proposal has been overtaken by events.

Conclusion: Application of Lamfalussy to insurance now being reviewed.

Proposal 10

The scope of the review under Proposal 9 should be expanded to include Pensions and should also have regard to the latest developments regarding the second reading of the proposed pensions directive in Council and Parliament.

In general there was widespread agreement to the proposal. Belgium and the Netherlands referred to the need for appropriate membership or representation on pension issues, while Spain referred to the importance of examining pensions issues and France (CCA) noted that where the economic characteristics were the same, the legislative framework for pensions and insurance was the same. Germany reminded that only prudential issues should be addressed, not tax or employment law questions. However, as for proposal 9, events have overtaken the discussion of this point.

Conclusion: Extension to pensions now being reviewed.

Belgium made an interesting proposal to establish a new class of ‘correspondent member’. A correspondent member would receive all IC correspondence as for the full IC member and could deputise for the full member. This seems an interesting approach meriting further reflection.

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