



**MARKT/2535/03–EN Rev. 1**

**Orig.**

28 November 2003

## **Work Programme for the Insurance Committee in 2004**

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## **A. Proposed meeting dates**

As in previous years, the work programme is drawn up on the assumption that next year we will have three, maximum one-day-long meetings. If necessary, a second day or additional meetings will be arranged, but this should not normally be required.

The dates proposed for Insurance Committee meetings in 2004 are:

- 24 March 2004
  - 30 June 2004
  - 1 December 2004
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## **B. Proposed topics for discussion**

### *1. Implementation of the new Committee architecture for the IC and other procedural modifications*

The Committee will review progress with the package of measures proposed by the Commission to establish the new Committee structure for financial services. At the regulatory level, this will concern institutional progress with the amendment of Directive 91/675/EEC to transform the IC to EIOPC (European Insurance and Occupational Pensions Committee). At the supervisory level, this will cover the establishment by Commission decision of CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors). The latter will require amendment of the existing IC membership rules and other modifications e.g. revised rules of procedure should be prepared and submitted to the IC for approval. Reflection may also be required on the revised working relationships with CEIOPS in the spirit of the new committee architecture.

### *2. Major Legislative and Policy Initiatives, especially those being examined by IC Sub-Committees*

#### **Solvency 2**

The most important is the preparation of a new framework for the assessment of the overall solvency of insurance undertakings, i.e. the Solvency 2 project. The IC will need to intensify its deliberations, in particular giving opinions on the preparation of mandates for CEIOPS, reviewing CEIOPS' progress with mandates and providing advice to the Commission in connection with the preparation of the new Solvency 2 Framework Directive.

#### **E-commerce**

The IC will need to review the results of the report being prepared by the current IC working group and consider whether certain provisions, in particular in relation to contract law, require amendment in the insurance directives.

## **Guarantee schemes**

The IC will need to examine the additional report it requested on the feasibility and financial implications of an EU-mandated guarantee scheme for insurance (and possibly pensions) and assess the need to prepare a proposal for a directive.

## **Accounting**

The IC will closely monitor international developments and in particular the application of Phase 1 IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and any required revisions to the Insurance Accounts Directive and the basic life and non-life insurance directives. A possible presentation may be made by the IASB and EFRAG to the full IC

The Committee will be regularly informed of progress achieved by the IC sub-committee working groups. When appropriate, the Committee will have major orientation debates and examine how best to carry forward the results and conclusions of these sub committees/working groups. In addition, regular updates will also be provided in the Newsletter.

### **3. *FSAP, post-FSAP and other committees (FSC, BAC, ESC, ARC)***

In general, the Committee will be regularly informed through the Newsletter of progress with the Financial Services Action Plan (FSAP) measures having implications for, or of interest to, the IC. The Committee will also be informed of the work carried out by other EU Committees such as the BAC, ESC, ARC as well as of discussions in the newly-established FSC (Financial Services Committee), the successor to the former FSPG, (Financial Services Policy Group), and other related fora.

In particular, the Committee will wish to debate the results and implications of the report to be prepared during the first half of next year by the freshly-constituted sectoral groups of high-level market practitioners to assess the state of integration in EU insurance and pensions, banking, securities and asset management markets. This report is expected to have major significance, as it may provide the basis for a possible blueprint for post FSAP action by the new College of Commissioners.

It is also expected that the IC will wish to discuss the report being prepared by the FSC for submission to ECOFIN on the implementation of the Brouwer Reports' recommendations on financial stability and crisis management.

### **4. *The Impact of Equity and Financial Market Developments on Insurance***

The impact of equity and financial market developments on the solvency position of insurers is now less severe. Nevertheless, the Committee will continue to monitor the situation, carrying forward its existing analysis in close co-operation with the CEIOPS, and considering policy implications

5. *The availability and cost of insurance cover for risks linked to natural catastrophes, acts of terrorism and liability risks*

Similarly, the Committee will continue to monitor market developments in a context characterised:

- the likely increase in the frequency of natural catastrophes caused by climate change
- increased terrorist risks subsequent to the events of September 11
- and the inflationary increase in claim levels for liability risks.

In particular the policy implications should be studied.

6. *Accession (Enlargement)*

As from 1 May 2004 the Committee will welcome new members from 10 Accession countries. Building on the results of the peer reviews and the final monitoring report on the implementation of the *EU acquis* for insurance (and pensions), the Committee will be informed of progress and general developments in the period immediately preceding and post-accession. The Committee will continue to follow the progress of negotiations with the other candidate countries.

7. *Effective implementation and enforcement of legislation affecting the insurance sector*

The Committee should study ways to promote the effective implementation and enforcement of legislation affecting the insurance sector. The topic should figure regularly on the IC agenda.

8. *Environmental liability*

As appropriate, the Committee will be informed of progress in the negotiations between Council and Parliament on the Commission proposal for a Directive on Environmental Liability (currently at EP second reading). After formal adoption, the Committee is invited to debate the policy implications for insurers and supervisors.

9. *CEIOPS issues*

Where required or appropriate, the Committee will examine opinions, guidelines, recommendations or other work undertaken by the Conference, in accordance with the spirit of the future 'Lamfalussy' structure.

10. *Gender Discrimination*

The Committee will be informed of progress on the Commission proposal for a Directive on Gender Discrimination. Given the potential impact of the directive on the insurance sector, the Committee may need to debate the policy implications for insurers and supervisors.

11. *Taxation*

Subject to progress in the discussions being led by the Directorate General for Taxation and Customs Union, the Committee will be provided with updates on direct taxation aspects for pensions, life insurance etc.

12. *Implementation*

As in the past, the Commission will provide regular updates on national implementation of EU insurance legislation.

13. *Relations with Third Countries*

Liberalisation arrangements with, and the rules under the insurance directives applicable for, third countries will be examined. The Committee will continue to receive reports on 'GATS' developments, providing input and considering policy implications, as appropriate.

14. *United States / TEP / Regulatory Dialogue*

The regulatory dialogue established with authorities in the United States under the TEP (Transatlantic Economic Partnership) Forum will be continued and deepened.

15. *IAIS, OECD and Joint Forum*

The Committee has always taken an interest in work carried out by other international fora relevant for insurance such as the IAIS, OECD, Joint Forum etc. In particular, the IAIS has now adopted 28 Core Principles and as the IAIS develops more detailed supervisory standards and guidance, the Committee may wish to review the implications for its own work especially in relation to the Solvency II project, reinsurance supervision and accounting issues. Similarly, the Committee may wish to take a close interest in the work of other international bodies such as the IAA and the Groupe Consultatif of European Actuaries, which could provide an additional source of expertise in specific areas.

16. *Studies and ad hoc topics*

A number of studies are being prepared by the studies unit in Internal Market DG. Although the focus appears primarily on capital markets, certain studies may be of interest to the IC, e.g. the study on the monitoring of structural changes and trends in the internal market for financial services, which provides data and indicators for insurance and pension funds. Where appropriate, a presentation of the key study results could be made to the IC.

At the same time, other ad hoc topics may emerge and require consideration by the Committee. An example here might be motor insurance, where disparities in the availability and cost of cover in certain Member States is increasingly being drawn to the attention of the Commission. Should the Committee decide to consider such a topic, this work should be undertaken in close co-operation with the Member States concerned and could build on analysis they have commissioned.

## 17. Competition Policy

Where appropriate, a review could be made of important competition policy decisions, e.g. adopted under the EU Merger Rules.

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As always, **IC Members** are warmly invited to make suggestions for the draft work programme and to comment on the above proposals. Members might also like to suggest possible presentations by outside experts, or to volunteer **to prepare a paper for discussion by the Committee**.

As has happened at past meetings, **external experts** may be invited to present topical issues to the IC to stimulate an exchange of views on one or more occasions next year. Suggestions on **presentations** could be:

- *Accounting issues – EFRAG and the IASB could be invited to make presentations.*
- *Solvency II – The Groupe Consultatif of European Actuaries and the IAA could also be invited to make presentations of their work on actuarial standards and risk modelling.*
- *Internal risk model – presentation by a large insurer. Similarly a presentation on market developments in ART / derivatives / securitisation could be envisaged.*
- *Conglomerates – risk management practice of large conglomerates from insurance angle.*