Implementation of the rules on competition

2000/0243(CNS) - 25/09/2007 - Follow-up document

The Commission decided on 13 June 2005 to initiate a sector inquiry into the provision of insurance products and services to businesses in the Community, based on Article 17 of Council Regulation (EC) No 1/2003. Taking into account indications that competition in this sector within the common market may be restricted or distorted, the sector inquiry aimed at further investigating the sector and the practices concerned with a view to ultimately identifying any concrete restrictive practices or distortions of competition that may fall within the scope of Articles 81 or 82 of the Treaty. Business insurance includes, inter alia, coverage for property risks and business interruption; shipping; motor vehicles; general, professional and environmental liability; personal accidents and credit risks.

This document is the final report of the business insurance sector inquiry, and is released together with a comprehensive working document of the Commission's services containing the full findings (the Working Document).

The sector inquiry identified three key issues that will need to be followed up by the

Commission and/or national authorities:

- certain practices leading to premium alignment when coinsurance and reinsurance is purchased through a two-step procedure involving a lead and following (re)insurers;
- instances where a pervasive market practice of long-term contracts may lead to cumulative foreclosure; and
- indications of potential market failure in respect of insurance brokerage.

The Commission invites the parties concerned by the various issues identified to carry out their own assessment and to engage in a dialogue with a view either to clarifying whether or not these practices are compatible with competition law, and/or to reviewing the practices in question.

The Commission states that will not hesitate to make use of its enforcement powers under competition law if necessary. Clearly, any possible enforcement procedures would require a full examination of the specifics of each case in consultation with the national competition authorities. The Commission also invites market participants to come forward with further evidence of abusive practices, on a confidential basis if necessary.

In respect of insurance brokerage, the Commission intends to look at these issues anew in the framework of the review of the Insurance Mediation Directive, but also invites Member States and industry participants to review the Commission's findings and propose appropriate action themselves.

Lastly, in respect of the Block Exemption Regulation, the sector inquiry has not produced compelling reasons, as regards business insurance, to prolong it beyond 2010. However, the Commission will review this matter definitively in view of a report by March 2009 as the enabling legislation requires.