EU/USA bilateral agreement on prudential measures regarding insurance and reinsurance

2017/0075(NLE) - 20/03/2018 - Final act

PURPOSE: to approve the conclusion of the Bilateral Agreement between the European Union and the United States of America on prudential measures regarding insurance and reinsurance.

NON-LEGISLATIVE ACT: Council Decision (EU) 2018/539 on the conclusion of the Bilateral Agreement between the European Union and the United States of America on prudential measures regarding insurance and reinsurance.

CONTENT: with this Decision, the Council approved, on behalf of the Union, the Bilateral Agreement between the European Union and the United States of America on prudential measures regarding insurance and reinsurance. In accordance with Council Decision (EU) 2017/1792, the Agreement had been signed on 22 September 2017.

The Agreement:

- sets out the conditions for **group supervision in both Parties** of their respective insurance and reinsurance groups:
- lays down the prudential conditions to be applied for the **removal of local presence and collateral requirements for reinsurers** regulated and supervised in the other Party;
- contains provisions and, in an annex, a model memorandum of understanding for the exchange of information between supervisory authorities in the EU and the US;

With regard to **group supervision**, the main points are as follows:

- reinsurers of one Party operating in the other Party will not be subjected to any requirement to **post collateral or to establish a branch** or subsidiary, if they meet the prudential conditions laid down in the Agreement;
- insurance groups of one Party operating in the other Party, which meet the conditions, will not be subjected to a requirement to carry out a **group solvency calculation** for their worldwide activities nor to other aspects of group supervision for their worldwide activities.
- supervisors can exercise group supervision on groups established within the territory of their Party, and can require information to be provided about worldwide activities that **risk seriously harming policyholders in their jurisdiction** or threatening financial stability, or seriously harm the capacity to pay claims.

The conclusion of the Agreement will lead to enhanced regulatory certainty in the application of insurance and reinsurance regulatory frameworks for insurers and reinsurers operating in the Union and the United States of America as well as to improved protection for policyholders and other consumers through cooperation between supervisors on the exchange of information.

Lastly, the Agreement provides for the setting up of a **Joint Committee** to discuss the application and implementation of the Agreement as well as the possibility for the Parties to amend or terminate the Agreement. **The Commission shall represent the Union** within the Joint Committee, after having heard the views of the Council working party on financial services, and shall inform that working party, whenever appropriate and at least on a yearly basis, of the progress made in the implementation of the Agreement.

ENTRY INTO FORCE: 20.3.2018. The Agreement shall enter into force seven days after the date the Parties exchange written notifications certifying that they have completed their respective internal requirements and procedures.