

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 30/03/1998 - Council position

The essence of the initial proposal remains intact in the common position of the Council which takes into account a large number of amendments (19 in all) adopted by the European Parliament on first reading and incorporated by the Commission in its amended proposal. The only major discrepancy between the common position and Parliament's opinion concerns amendment 8, which was not adopted since it restricted the scope of the directive limiting supplementary supervision to nations between parent undertakings and subsidiaries in an insurance group. Many changes contained in the common position relate to the following points: - a definition of a third country insurance undertaking was introduced; - the definition of 'participation' includes the 'durable link' aspect, together with the fact of holding directly or indirectly 20% or more of voting rights or capital of an undertaking; - more precise definition of a 'mixed activity insurance holding company' is introduced, specifically excluding insurance companies of a third country or reinsurance companies - the powers of the Member States or competent authorities to decide in exception cases that a supplementary supervision is not necessary is clarified; - a new provision specifies which authorities are competent when insurance undertakings recognized in two Members States and are subject to supplementary supervision have the same parent company. - direct access to information concerning an enterprise within the group is only granted in cases where this information was not provided by the insurance undertakings subject to supplementary supervision; - the extent of the obligations of the competent authorities regarding reciprocal exchanges of information is specified; - the common position sets a deadline of 18 months for transposition of the directive and the implementation of the directive in the first accounting year following transposition. The Commission shall report to the insurance committee in five years concerning the entry into force of the directive and on the possible need to continue harmonization in this area. Annex I has been considerably changed and expanded in order to: - specify clearly all principles regarding the application of methods of calculation (in particular who is responsible for the choice of the method used; principle of proportionality; general approach to factors relating to solvency margins etc.); - include all the general provisions concerning application of methods of calculation before the description of these methods the drafting of which has been improved and completed by the explanations necessary to interpret them. Annex II has been simplified: it contains only one method of calculation which is enough for the supplementary supervision of the insurance undertakings concerned.