

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 22/07/1998

The Committee adopted by 10 votes to 7, with one abstention, the draft recommendation for second reading on the common position on the supplementary supervision of insurance undertakings in an insurance group. The rapporteur was Marlies MOSIEK-URBAHN (EPP, D). The main amendments to the common position relate to: -the participation threshold in an insurance undertaking by another insurance undertaking belonging to an insurance group which would trigger supplementary supervision; -the requirements concerning use of the capital markets. Referring to the seventh Community company law directive, the committee took the view that supplementary supervision should be required only where the criteria defining parent companies and subsidiaries as applicable in the case of consolidated annual accounts are found to obtain. These definitions are based in principle on the presumption of a majority holding or a predominant influence, for example by a unified management. The Commission wishes to set the participation threshold above which supplementary supervision would be required at 20% of the capital of the insurance company. The other amendment would enable an insurance holding company to raise subordinated loans of a duration of at least five years on the capital markets, in accordance with the directives on "third-generation" insurance. The draft Community legislation is intended, according to the chair of the committee, to introduce supplementary supervision of insurance companies belonging to an insurance group. The aims are: -to achieve greater transparency by providing supervisory authorities with improved information on the structures of insurance groups; -to establish enhanced supervision of intra-group transactions; -to introduce legal supervisory measures to prevent under-capitalisation of a group through multiple use of its own capital (double gearing); -to give better protection to clients by ensuring greater financial stability of insurance groups.