"Lloyd's" petitions on the implementation of the Directive 73/239/EEC

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The committee adopted the own-initiative report by Roy PERRY (EPP-ED, UK) on the Lloyd's petitions. The petitioners, all Lloyd's "Names" (who constitute the Lloyd's market which insures risk), allege that the UK authorities failed to correctly transpose into national legislation, and apply, the provisions of EC Directive 73/239 (First Non-Life Insurance Directive) and subsequent relevant directives. The background to this case is the huge financial losses suffered by Lloyd's underwriters as a result of the growing number of asbestosis claims, particularly in the USA, and the huge impact this has had on the worldwide insurance market since the 1980s. The petitioners raise questions about the nature of audit certificates provided from 1981 onwards and the degree to which the Names recruited into Lloyd's syndicates from 1973 onwards were properly informed, as required by Directive 73/239/EC, about the extent of losses and liabilities as well as solvency margins. While they, and other Lloyd's Names, accept and do not question their unlimited liability as insurers, they argue that they have a right to expect that the framework within which they act is a proper and legal regulatory framework as defined by the relevant EU Insurance Directives, and is properly applied. The committee pointed out that the European Parliament had so far been denied access by the Commission and the UK authorities to documents relating to the formal infringement proceedings which the Commission launched against the UK authorities on 20 December 2001 as regards the prudential regulation and supervision of the Lloyd's insurance market. It called on the Commission to inform Parliament of its reaction to the UK response to the formal letter of notice without delay, to grant access to all documents retained in the conduct of its investigation of this issue "as far as is compatible with the relevant regulation" and to provide a specific response in writing to Parliament "regarding any shortcomings and omissions the Commission believes to have occurred in the proper transposition and application of the Directives referred to in this Report, for the period 1973-1995". Failing that, MEPs said that Parliament should set up a Committee of Inquiry to look into these issues.