Life insurance: solvency margin for undertakings (amend. Directive 79/267/EEC)

2000/0249(COD) - 05/03/2002 - Final act

PURPOSE : to improve the rules on solvency margin requirements for life insurance undertakings. COMMUNITY MEASURE : Directive 2002/12/EC of the European Parliament and of the Council amending Council Directive 79/267/EEC as regards the solvency margin requirements for life insurance undertakings. CONTENT : This Directive lays down minimum standards for the solvency margin requirements and home Member States are able to lay down stricter rules for insurance undertakings authorised by their own competent authorities. The Directive increases the minimum guarantee fund. To avoid major and sharp increases in the minimum guarantee fund in the future, a mechanism is established providing for its increase in line with the European index of consumer prices. To improve the quality of the solvency margin, the possibility of including future profits in the available solvency margin is limited and subject to conditions. In any event, it ceases after 2009. In specific situations where policyholders' rights are threatened, competent authorities are empowered to intervene at an early stage, but in the exercise of those powers, competent authorities must inform the insurance undertakings of the reasons motivating such supervisory action. As long as such a situation exists, the competent authorities are prevented from certifying that the insurance undertaking has a sufficient solvency margin. Finally, in the light of market developments in the nature of reinsurance cover purchased by primary insurers, the competnet authorities are empowered to decrease the reduction to the solvency margin requirement in certain circumstances. Compliance with the Directive must first apply to the supervision of accounts for financial years beginning on 01/01/04 or during that calendar year. DATE FOR TRANSPOSITION : 20/09 /03. ENTRY INTO FORCE : 21/03/02.