

Reinsurance

2004/0097(COD) - 07/06/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted the resolution drafted by Peter SKINNER (PES, UK), making several amendments designed to provide technical clarifications and improvements. (Please see the summary of 26 /04/2005.) Life reinsurance would be subject to the same rules as direct non-life insurance, with an option for the direct life insurance rules to be applied to life reinsurance business that has heavy investment content.

Parliament has inserted new rules on special purpose vehicles. The directive allows a solvency reduction of 50% based on the assets invested by a special purpose vehicle.

Finally, the text contains a commitment to phase out the collateral requirements in the EU. In order to take account of potential difficulties that Member States might encounter with the abolition of collateral requirements in national legislation, the European Parliament has proposed a transitional period of 12 months to comply with this requirement in addition to the two years provided for the application of the directive as a whole.