

Basic information

1995/0245(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Directive

Insurance: supplementary supervision of insurance undertakings belonging to a group

Repealed by [2007/0143\(COD\)](#)

Amended by [2001/0095\(COD\)](#)

Amended by [2003/0263\(COD\)](#)

Amended by [2004/0097\(COD\)](#)

Amended by [2010/0232\(COD\)](#)

Subject

2.50.05 Insurance, pension funds

Procedure completed

Key players

European Parliament

Committee responsible

JURI

Legal Affairs, Citizens' Rights

Rapporteur

MOSIEK-URBAHN Marlies (PPE)

Appointed

21/11/1995

Former committee responsible

JURI

Legal Affairs, Citizens' Rights

Former rapporteur

MOSIEK-URBAHN Marlies (PPE)

Appointed

21/11/1995

JURI

Legal Affairs, Citizens' Rights

MOSIEK-URBAHN Marlies (PPE)

21/11/1995

Former committee for opinion

ECON

Economic and Monetary Affairs, Industrial Policy

Former rapporteur for opinion

The committee decided not to give an opinion.

Appointed

Council of the European Union

Council configuration

Meetings

Date

Competitiveness (Internal Market, Industry, Research and Space)

2079

1998-03-30

Competitiveness (Internal Market, Industry, Research and Space)

2051

1997-11-27

Research

2123

1998-10-13

Key events

Date	Event	Reference	Summary
04/10/1995	Decision by Parliament, 1st reading	COM(1995)0406 	Summary
04/10/1995	Legislative proposal published	COM(1995)0406 	Summary
27/10/1995	Committee referral announced in Parliament, 1st reading		
16/04/1997	Vote in committee, 1st reading		Summary
16/04/1997	Committee report tabled for plenary, 1st reading	A4-0157/1997	
12/05/1997	Report referred back to committee		
24/09/1997	Vote in committee, 1st reading		
24/09/1997	Committee report tabled for plenary, 1st reading	A4-0295/1997	
22/10/1997	Debate in Parliament		Summary
28/01/1998	Modified legislative proposal published	COM(1998)0038 	Summary
30/03/1998	Council position published	05535/1/1998	Summary
28/05/1998	Committee referral announced in Parliament, 2nd reading		
22/07/1998	Vote in committee, 2nd reading		Summary
22/07/1998	Committee recommendation tabled for plenary, 2nd reading	A4-0286/1998	
15/09/1998	Debate in Parliament		
13/10/1998	Act approved by Council, 2nd reading		
27/10/1998	Final act signed		
27/10/1998	End of procedure in Parliament		
05/12/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1995/0245(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Repealed by 2007/0143(COD) Amended by 2001/0095(COD) Amended by 2003/0263(COD) Amended by 2004/0097(COD) Amended by 2010/0232(COD)
Legal basis	EC Treaty (before Amsterdam) E 057-p2
Stage reached in procedure	Procedure completed
Committee dossier	JURI/4/09955

[Documentation gateway](#)

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0157/1997 OJ C 167 02.06.1997, p. 0003	16/04/1997	
Committee report tabled for plenary, 1st reading/single reading		A4-0295/1997 OJ C 339 10.11.1997, p. 0006	24/09/1997	
Text adopted by Parliament, 1st reading/single reading		T4-0507/1997 OJ C 339 10.11.1997, p. 0091-0136	23/10/1997	Summary
Committee recommendation tabled for plenary, 2nd reading		A4-0286/1998 OJ C 313 12.10.1998, p. 0009	22/07/1998	
Text adopted by Parliament, 2nd reading		T4-0489/1998 OJ C 313 12.10.1998, p. 0052-0092	16/09/1998	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position	05535/1/1998 OJ C 204 30.06.1998, p. 0001	30/03/1998	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(1995)0406  OJ C 341 19.12.1995, p. 0016	04/10/1995	Summary
Modified legislative proposal	COM(1998)0038  OJ C 108 07.04.1998, p. 0048	28/01/1998	Summary
Commission communication on Council's position	SEC(1998)0517 	30/03/1998	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0410/1996 OJ C 174 17.06.1996, p. 0016	27/03/1996	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 27/03/1996 - Economic and Social Committee: opinion, report

The Committee has issued a favourable Opinion, subject to the following reservations: - the definition of participation should correspond to economic reality; - insurance holding companies should not be subject to such strict checks for detecting the creation of fictitious capital; - the treatment of reinsurance holdings should be left up to the Member States; - as regards adjusted solvency checks, all the elements of own funds and the elements for valuing the assets of subsidiaries allowed at "solo" supervision level should be recognized; - the cost of additional supervision should be proportional to any prudential risks sustained, and not jeopardize the competitiveness of the European insurance industry. The amendments proposed in the fourth part of the Opinion are based on the desire to reduce the difficulties with which the European insurance industry would certainly be faced if the points raised were not clarified.

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 23/10/1997 - Text adopted by Parliament, 1st reading/single reading

Adopting a report by Mrs Marlies MOSIEK-URBAHN (PPE,D) the European Parliament welcomed the Commission proposal regarding supplementary supervision of insurance undertakings but expresses criticism concerning the provisions establishing stricter limits regarding capital requirements.

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 28/01/1998 - Modified legislative proposal

The amended proposal incorporates a number of amendments adopted by Parliament at first reading, particularly those aiming to: - include a definition of a 'third country insurance undertaking'; - include in the definition of 'participation' the criterion of a 'durable link' as provided by Article 17 of Directive 78/660/EEC (while maintaining the automatic criterion of a 20% threshold); - clarify the definition of a 'mixed activity insurance holding company' by specifically excluding third country insurance undertakings and reinsurance undertakings; - ensure that direct access to information about an undertaking or group is granted only when such information has not been supplied by the insurance undertaking subject to supplementary supervision; - change the date of implementation of the Directive (1 January 1999) to bring it into line with the proposed timetable; - specify the first financial year from which the supplementary supervision provided by the Directive shall be applicable (financial year beginning on 1 January 2000); - provide that within five years the Commission is to submit a report to the insurance committee on implementation of the Directive and, if appropriate, on any need for further harmonization in this area. With regard to the annexes, the Commission has also taken account of the amendments aiming to: - accept without restriction certain elements which were totally excluded from the calculation of the adjusted solvency situation in the initial proposal, when they concern the participating insurance undertaking at the level of which the calculation is made; - include a reference to Directive 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings; - extend the waiver provided in the initial proposal for related undertakings in the same Member State to cases in which the undertaking is related to an insurance undertaking in another Member State; - recognize the funds of an insurance holding company from outside the group; - explain precisely how participating undertakings in a third country should be treated.

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 16/09/1998 - Text adopted by Parliament, 2nd reading

The European Parliament rejected the amendments to the recommendation for second reading of Mrs MOSIEK-URBAHN (PPE, D) with regard to the common position of the Council introducing supplementary supervision of insurance undertakings in an insurance group. It adopted the common position of the Council.

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 30/03/1998 - Commission communication on Council's position

The Commission takes the view that the common position maintains the key elements of its proposal and the bulk of the amendments tabled by the European Parliament which the Commission has adopted and incorporated in its modified proposal. The Commission recommends adoption by Parliament of the common position.

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 04/10/1995 - Legislative proposal

OBJECTIVE: To give insurance supervisors more effective instruments to ascertain the true solvency of an insurance undertaking that is part of an insurance group. This will enhance the protection of policy holders and introduce level competitive playing fields amongst insurance undertakings in the Community. **COMMUNITY MEASURE:** Proposal for a European Parliament and Council directive on the supplementary supervision of insurance undertakings in an insurance group. **SUBSTANCE:** - Definition of the terms 'parent undertaking - subsidiary': this definition refers to undertakings under the terms of the seventh company law directive (83/349/EEC) and also includes any undertaking which in the view of the supervising authorities exercises a dominant influence over another undertaking; - definition of the concept of 'participation': it is proposed that the definition threshold for a participation in another undertaking be set at at least 20% of the capital or voting rights; - the scope of application of the measures is limited to insurance undertakings with their registered office in the Community; - the Member States are required to extend supervision to all other entities that could have a bearing on the financial and operating position of a supervised insurance undertaking; - the competent authorities of the Member States are obliged to exercise any additional functions when an insurance undertaking is part of a group; - the relevant information should be available to the supervising authorities; in each insurance undertaking or financial holding company, that is a parent or holds a participation in one or more insurance undertakings, financial holding companies or related undertakings, there should be adequate internal procedures to produce relevant information; - the insurance supervisors must have a 'droit de suite' guaranteeing them direct access to information held by the enterprises; this right should apply with regard to: . any undertaking of which an insurance undertaking is a parent or a subsidiary, . any undertaking in which an insurance undertaking holds a participation; - the competent authorities may obtain the information either directly or through a supervised insurance undertaking; they may verify on the spot any information received; rules on cooperation between the competent authorities are introduced with regard to acquiring information; - the competent authorities must communicate to each other all relevant information that is likely to simplify their task and allow the supervision of the activity and financial situation of the insurance undertakings under their supervisory responsibility; - the Member States establish in principle that intra-group transactions should be conducted on market terms; the authorities should be informed of intra-group transactions by way of an annual reporting requirement, concerning only significant transactions; - the Member States are required to ensure that an adjusted solvency calculation is carried out, to prevent double gearing of capital; Annex I to the proposal contains a description of the three methods that can be applied to this end; - the Member States must take account of the fact that an insurance holding company at the top of a group or in an intermediate position may impact the financial position of an insurance undertaking; Annex II proposes two methods to apply a capital test to a holding company owning one or more insurance subsidiaries; the choice of method is left to the Member States.

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.

Insurance: supplementary supervision of insurance undertakings belonging to a group

1995/0245(COD) - 27/10/1998 - Final act

OBJECTIVE: by ensuring more efficient application of solvability requirements of insurance undertakings, to strengthen the single insurance market, enhance the protection of policyholders and contribute towards the stability of the financial markets. **COMMUNITY MEASURE:** European Parliament and Council Directive 98/78/EC on the supplementary supervision of insurance undertakings in an insurance group. **CONTENT:** the Directive seeks mainly to give insurance supervisors efficient instruments to ascertain the true solvency of an insurance undertaking in an insurance group in order to avoid solvency margin requirements being circumvented by insurance groups, especially by double gearing of capital and the creation of fictitious capital using another undertaking in the same group. The Directive merely establishes supervisory mechanisms and does not introduce any new capital requirements for insurance undertakings. Specifically, the Directive provides for supplementary supervision of any insurance undertaking which is the parent company of at least one insurance undertaking, reinsurance undertaking or third country insurance undertaking, together with supplementary supervision, using different methods, of any insurance undertaking whose parent company is an insurance holding company, reinsurance undertaking, third country insurance undertaking or mixed activity insurance holding company. The Directive introduces three methods, considered as prudentially equivalent, for calculating the adjusted solvency of insurance undertakings. The Directive stipulates that the competent authorities must have access to any information which is relevant for the purposes of supplementary supervision. The competent authorities may likewise supervise certain types of intragroup transactions. The Commission will submit a report on the application of the Directive and on any need for further harmonisation to the insurance committee by 1 January 2006. **ENTRY INTO FORCE:** 5 December 1998 **DEADLINE FOR TRANSPOSITION:** 5 June 2000.