

Joint Statement of the ACLI and Insurance Europe

on the U.S.-EU High Level Working Group

August 7th 2012

The American Council of Life Insurers (ACLI) and Insurance Europe call on leaders in both the European Commission and the United States Government to include insurance and reinsurance issues under the scope of the High Level Working Group on Jobs and Growth through the mechanism of the Transatlantic Economic Council (TEC).

Transatlantic trade and investment flows constitute the largest economic relationship in the world, creating jobs, increasing economic growth, and driving competitiveness on both sides of the Atlantic. The insurance sector is an important part of this economic relationship. Bilateral trade and investment in our sector exceeds 185 billion dollars a year, and the EU-US insurance and reinsurance markets represent over two thirds of current global premium volume. We believe this relationship could be further improved in order to encourage further growth and help us remain globally competitive in the context of the rapid expansion of certain developing country insurance markets,

In this regard we see the establishment of the High Level Working Group as a positive step forward in working towards increased regulatory understanding and reducing barriers to trade between the US-EU insurance markets. More specifically, we would like to see the Working Group providing a framework and momentum to the discussions which are already taking place through the Financial Markets Regulatory Dialogues (FMRD) and the transatlantic insurance regulatory dialogues between the EU and US. In this respect, we believe the right foundations for bilateral communications are already being laid, but there needs to be a stronger coordinating framework for these sectoral and issue-specific dialogues. Regulatory dialogues should not be seen as separate or only loosely related to the High Level Working Group but should be acknowledged as an important component of the Jobs and Growth initiative's overall aims and achievements. The High Level Working group will provide vital political momentum to more granular regulatory discussions both now and in the future. Regulators and policy-makers on both sides of the Atlantic now acknowledge that regulatory barriers are as important as other non-tariff barriers in preventing cross-border trade in financial services.

In its Interim Report the Working Group identified a number of areas of focus with respect to regulatory issues and non-tariff barriers which we believe are of direct relevance to the insurance industry. In particular the references to a bilateral forum for addressing bilateral trade issues arising from technical regulations, conformity assessment procedures and standards is especially welcome and could formalise and develop the work already being carried out in specialised insurance discussions at present.

In addition, we welcome the reference to the two sides negotiating 'provisions or annexes containing additional commitments or steps aimed at promoting regulatory compatibility over time in specific, mutually agreed sectors' and believe the insurance sector is one area where such a

roadmap would be highly beneficial. Indeed we are aware that the current EU-US insurance dialogues cover a number of technical areas which would benefit from a clear roadmap agreed to at the end as well as the overall framework of the Jobs and Growth initiative. Otherwise, there is a danger that negotiators see technical regulatory discussions as only loosely related to the Jobs and Growth Initiative and fail to provide much-needed political leadership to pushing for agreements in these negotiations. In addition, we would like to see established a regular consultative mechanism with the private sector to bring increased transparency to the process and ensure policy makers' efforts are most appropriately focused on areas of most importance to our respective markets.

More specifically, the ACLI and Insurance Europe would like to highlight a number of areas where we share common goals and would like to see progress made:

- **Regulatory understanding** - In working towards achievement of supervisory recognition the focus should be on equivalence of outcome not the methodologies used in achieving it i.e. equivalence should be a principles based outcomes focused assessment. This should especially apply where regulatory structures are different (eg state-based as opposed to country-level regulation) but achieve similar levels of protection for policy-holders and wider society.
- **Global policy setting and coordination** – It is important that the EU and the US work together in a coordinated manner in global forums such as the G20, FSB and IAIS. As the focus of the G20 agenda moves towards implementation a coordinated transatlantic contribution will be more important and powerful than ever.
- **International Supervisory Colleges** - As recognized by the Financial Stability Board and the G20, establishing international supervisory colleges is key to strengthening global supervision and ensuring that potentially dangerous 'gaps' in regulation do not occur in the future. In addition, international colleges should help to facilitate understanding in global supervisory practices, thus making group supervision more effective and efficient on a global scale.
- **Data Confidentiality** - The ability for regulators to share confidential information securely is a pre-requisite for better supervisory cooperation and coordination. The recent IAIS data collection exercise and the work on-going on supervisory colleges both underline the necessity for progress to be made in this area to facilitate supervisors working together internationally. .

To conclude, Insurance Europe and ACLI do not look to the High Level Working group to duplicate insurance dialogues already going on in other forums, but rather to harness and give additional momentum to these dialogues. In recognition of the political nature of a number of issues being discussed, we would like the High Level Working group to ensure that political momentum is applied to the process and that the High Level Working Group provides a framework and ownership to sector specific regulatory dialogues in areas such as insurance.