

Response to EC Capital Markets Union mid-term review

Positive steps, but more ambition is needed

Following the publication today of the European Commission's mid-term review of its Capital Markets Union (CMU) project to unlock funding for growth in Europe, Michaela Koller, director general of Insurance Europe, commented:

"When the CMU project was launched, the Commission's announcement on supporting more long-term investment was bold and promising. While we welcome the steps that have either been taken or are envisaged to address issues with some assets — including infrastructure, private debt and equity, and securitisations — these changes are limited and only affect a small percentage of insurers' portfolios. To deliver the CMU's objectives, broader changes are required to adapt capital charges to reflect the real risk that insurers face when investing across a wide spectrum of long-term assets.

"Unfortunately, the Commission has not yet addressed the flawed assumption that insurers invest short-term, like traders. This misconception leads to unnecessarily high capital charges for long-term assets under Solvency II, which discourage insurers from making such investments. While we support the Commission's proposal to assess the economic drivers of equity investments by insurance companies, it is regrettable that the CMU mid-term review does not include more ambitious proposals to remove disincentives to insurers investing long-term.

"As we enter the final stage of the CMU project, we look to the Commission to recommend more determined solutions for the treatment of long-term investments in general, and of long-term equity investments more urgently. It should also avoid proposals that place additional obstacles in insurers' ability to invest long-term.

"Insurers welcome the idea of a pan-European Pension Product (PEPP), which aims to help people to provide for their retirement and to boost long-term investments in Europe. But, to achieve this, the Commission must ensure that the PEPP is a true long-term pension product, with minimum investment periods and a decumulation phase.

"Despite the evidence provided, the Commission has not proposed any actions to address the overloading of consumers with information, which is due to consumer protection rules that duplicate disclosure requirements. This information overload confuses consumers, rather than helping them to make informed decisions, and so needs to be urgently addressed by the Commission.

"We appeal to the Commission to use this opportunity to correct well identified issues in the CMU context, rather than waiting for the next Commission to take office before addressing the problems."

- Ends -

Notes for editors

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Press statement

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