

EU-US Solicitation High Level Working Group

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Summary

Insurance Europe, European insurance and reinsurance federation, based in Brussels, represents through its 34 member bodies — the national insurance associations — insurance and reinsurance undertakings, which account for around 95% of total European premium income.

The transatlantic relationship constitutes the largest economic relationship in the world with bilateral trade and investment in the insurance sector alone exceeding 185 billion dollars a year. Not only is close co-operation important for transatlantic business flows, but the EU and the US insurance sectors together represent 74% of the global premium income. By working closer together we can make an important contribution to the shape of global (re) insurance supervision and regulation. However, as other international insurance markets grow and become increasingly sophisticated in their regulatory approach, an increased focus on our bilateral relationship provided by the EU-US High Level Working Group is not only timely for transatlantic business flows but also for the international footprint of companies located both sides of the Atlantic.

Insurance Europe has closely followed and supported the work of the High Level Working Group since its establishment - submitting comments to the scoping exercise at the beginning of the year and issuing a joint statement with the American Council of Life Insurers following the publication of the High Level Working Groups interim report. Consistent with our previous submissions we would like to again take this opportunity to request the High Level Working Group include the insurance sector within its final recommendations.

We also welcome the explicit request for comments relating to 'regulatory issues' in the most recent EU-US solicitation. As highlighted in our introductory comments, many large European insurers have a significant amount of their premium originating from the US which is either transacted on a cross border basis, or through establishing branches or subsidiaries in the US. The companies conducting these business transactions increasingly find themselves subject to duplicative regulatory requests; with supervisors, including those only supervising solo entities, wanting to gain a more holistic view of entire insurance groups operations. We would therefore, like to see greater recognition of robust group supervision conducted elsewhere. In addition, through the removal of regulatory restrictions to cross border trade, such as the statutory reinsurance collateral requirements in the US, and support for open markets continuing into the future, we believe our important economic relationship has the potential for growth.

In order for these desirable goals to be achieved it is important that supervisors gain a greater mutual understanding of each other's regulatory practises which should in turn facilitate informed decision making on where the same outcomes are already achieved through different means and identification of areas where

greater convergence would be beneficial. To these ends we are very supportive of the insurance dialogues currently being conducted between the EU-US and especially the recent publication of a draft Technical Report summarising the output of their dialogues¹.

Publication of the draft report signifies the end of Phase I of this exercise. Phase II which has now commenced is intended *"to lead to policy decisions by the respective organisations, regarding whether and how to achieve further harmonisation in regulation and supervision"*. The project is scheduled to come to a conclusion by December 31st 2012. Publication of this report is noteworthy not just in terms of the concrete outcomes which are intended to follow but also the openness and transparency it provides to stakeholders. These regulatory dialogues have been operating, albeit not so intensively, for many years and have previously provided little stakeholder feedback so this increase in transparency is a welcome change.

To conclude, Insurance Europe does not look to the High Level Working Group to duplicate insurance dialogues already going on in other forums, but that political support is given to the insurance dialogues to ensure:

- Insurance regulatory dialogues continue into the future
- Milestones agreed to at the end of 'Phase II' are met in a timely manner; and
- Increased transparency to stakeholders continues to be provided.

For more detail on what next steps we would like to see taken in the EU-US insurance dialogues please find attached our recent response to the EU-US Technical Committee report.

Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of over €1 100bn, employ nearly one million people and invest almost €7 500bn in the economy. www.insuranceeurope.eu

¹Draft report on the EU-US Dialogue Project, September 27th 2012
https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/EU_US_Dialogue_Project_Report_for_Consultation.pdf