



Council of the European Union
General Secretariat

Brussels, 27 November 2019

WK 13584/2019 INIT

LIMITE

**EF
ECOFIN
FSC**

WORKING PAPER

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Financial Services Committee
Subject:	FSC 3 December 2019 Item 5: Insurance guarantee schemes Update by EIOPA

Insurance Guarantee Schemes – Update

FSC meeting,
3rd December 2019

Background

- The European Commission's **Call for Advice** on the 2020 Solvency II Review included an item on the harmonisation of insurance guarantee schemes (IGSs)
- For this purpose, EIOPA published **a Consultation Paper** in July 2019 to gather feedback from stakeholders on its views
- Currently, EIOPA is processing the feedback and finalising its advice to the Commission

Need for harmonisation of IGS

- The dispatch of national approaches have **implications** for...
 - **Policyholder treatment**: Policyholders might be treated differently following the failure of an insurer
 - **Internal market**: Level playing field and hence proper functioning of the internal market in the EU might be impeded
- A **European network of national IGSs** is needed for the benefit of policyholders and financial stability as a whole
 - Every Member State should have a national IGS in place
- Harmonisation of IGSs should be **regarded in relation to**
 - Recovery and resolution
 - Supervisory convergence

Harmonised principles

- EIOPA proposed to harmonise the following key features of IGS
 - **Role and functioning:** Pay compensation and/or ensure continuation of policies
 - **Geographical coverage:** Home-country principle
 - **Eligible policies:** Range of life and non-life policies
 - **Eligible claimants:** Natural and selected legal persons
 - **Coverage level:** Minimum harmonised coverage level
 - **Funding:** Ex-ante funding plus ex-post contributions if needed
 - **Disclosure:** Appropriate disclosure to consumers
 - **Cross-border cooperation and coordination:** Arrangements between national IGSs

Stakeholders' comments

- In total, **45 submissions** have been received
 - Industry and associations 32
 - Ministries 6
 - IGSs 3
 - Other 4
- Regarding the **need for harmonisation**
 - Mostly, industry expressed their views against harmonisation of IGSs
 - ✓ Solvency II has already reduced the risk of failures
 - ✓ IGS should be left to national discretion
 - Others argued that a minimum degree of harmonisation was needed for the benefit of policyholders and financial stability

Stakeholders' comments

- Regarding the **role of IGSs**
 - Most stakeholders do not believe that IGSs should have a role in resolution
- Regarding the **geographical coverage**
 - Many stakeholders agree with the home-country approach
- Regarding the **eligible policies**
 - Diverging views on which policies to include in coverage
- Regarding the **eligible claimants**
 - Most believe it should only be natural persons

Stakeholders' comments

- Regarding the **funding**
 - Many believe it should be ex-post funded
- Regarding the **disclosure**
 - Stakeholders agree on the need for appropriate disclosure to consumers
- Regarding the **cross-border cooperation and coordination**
 - Stakeholders agree on the need for cross-border cooperation and coordination arrangements, incl. information sharing

Next steps

- The feedback of stakeholders will be taken into account in the final Advice to the extent possible
- The final Advice – i.e. the **Solvency II Opinion** – is scheduled for June 2020



THANK YOU!

For more information visit:
<https://eiopa.europa.eu>