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REPORT

on Insurance Guarantee Schemes
(2011/2010(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Peter Skinner

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Insurance Guarantee Schemes (2011/2010(INI))

The European Parliament,

- having regard to the Commission Communication of 12 July 2010, entitled ‘White Paper on Insurance Guarantee Schemes’ (COM(2010)0370),
 - having regard to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)¹,
 - having regard to Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority)²,
 - having regard to its resolution of 4 July 2006 on the crisis of the Equitable Life Assurance Society³,
 - having regard to the final report of 23 May 2007 of its Committee of Inquiry into the crisis of the Equitable Life Assurance Society (A6-0203/2007),
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Legal Affairs and the Committee on the Internal Market and Consumer Protection (A7-0243/2011),
- A. whereas the financial crisis has demonstrated that consumer confidence in the financial system can be quickly undermined in the absence of adequate compensation processes for consumer losses incurred as a result of the failure of financial institutions,
- B. whereas Insurance Guarantee Schemes (IGSs) can be a valuable tool in reducing the risks facing policy-holders or, where appropriate, beneficiaries in the event of the failure of an insurance entity,
- C. whereas the necessity, function and structure of IGSs are not analogous with those of either deposit guarantee schemes or investor compensation schemes, on account of the different business model used by insurers and the different degree to which consumers are exposed to risk in the event of the failure of an insurer,
- D. whereas a wide range of IGSs exist in the Member States, offering varying degrees of consumer protection across various product lines on the basis of various funding models,

¹ OJ L 335, 17.12.2009, p. 1.

² OJ L 331, 15.12.2010, p. 48.

³ P6_TA(2006)0293.

- E. whereas there have been no notable insurance policy-holder or, where appropriate, beneficiary losses as a result of the financial crisis, and whereas the European insurance industry has emerged from the crisis comparatively unscathed,
 - F. whereas Solvency II introduces a ladder of supervisory intervention minimising the likelihood of an insurer going bankrupt and the disruption to policyholders or, where appropriate, beneficiaries resulting from such an event,
 - G. whereas the introduction of Solvency II and IGSs will contribute to the establishment of a level playing field on the European insurance market and help to bring about the completion of the internal market,
 - H. whereas under Solvency II policy-holder or, where appropriate, beneficiary claims are secure when an insurer enters into insolvency (when the insurer breaches its Solvency Capital Requirement), and only become at risk if the insurer goes bankrupt (when its assets are insufficient to cover its liabilities),
 - I. whereas cross-border provision of insurance in the EU is low but likely to grow as a result of the introduction of Solvency II, owing to the capital benefits offered by a branch-based pan-European structure,
 - J. whereas the lack of harmonised IGSs at European level and the diversity of regimes in Member States have led to ineffective and uneven protection for insurance policy-holders and have slowed down the functioning of the insurance market by distorting cross-border competition,
 - K. whereas consumer trust in the functioning of the internal market in financial services can only be assured by a consistent level of consumer protection regardless of the origin of the service provider, primarily through the consistent application of sound prudential rules and effective supervision by the European Insurance and Occupational Pensions Authority (EIOPA) and, where appropriate, national competent authorities,
 - L. whereas taxpayers' exposure to the failure of financial institutions must be kept at a minimum through effective and proportionate oversight by national and European supervisors,
1. Recognises that the new supervisory regime and the forthcoming Solvency II framework will further enhance consumer protection;
 2. Calls on the Commission, with regard to the rules and definitions set out in Solvency II and the new supervisory framework, to come forward with proposals for a cross-border standardisation directive establishing a coherent and consistent cross-border framework for IGSs across Member States, providing only last-resort protection to consumers when insurance undertakings are unable to fulfil their contractual commitments owing to insolvency;
 3. Calls on the Commission rapidly to put forward the proposal for a directive on Insurance Guarantee Schemes to complement Deposit Guarantee Schemes, Investor Compensation Schemes and Solvency II;

4. Acknowledges that the potential for an uneven playing field could cause regulatory arbitrage, which would affect IGSs; calls on the Commission to examine the interplay between harmonisation and the application of schemes from across the EU and the home state principle to clarify whether or not a significant distortion of the market occurs; considers that this review should be conducted three years after the full implementation of Solvency II;
5. Agrees that the Solvency II Directive does not create a zero-failure environment for insurance companies and does not protect consumer losses in the event of the failure of insurance undertakings; calls, therefore, on the Commission to ensure that the common IGS to be adopted is consistent and coherent with the Solvency II Directive;
6. Supports the adoption of the 'home' country principle – whereby policies written by an insurer, regardless of location of sale, are covered by the 'home' IGS – recognising (a) that under Solvency II the cross-border provision of insurance services will increase, and (b) that the failure of an insurer will be linked to the inadequacy of supervision by the 'home' supervisor, so that the burden of responsibility for failure should be borne by the 'home' IGS, which should provide last-resort protection to consumers only when insurance undertakings are unable to fulfil their contractual commitments owing to insolvency; calls on the Commission to conduct an impact assessment and public consultation with stakeholders on the inclusion of life insurance as a matter of priority and on the practicality of including non-life insurance in a cross-border IGS to ensure an appropriate level of consumer protection and a level playing field between Member States; believes that a rationale should be established by the Commission and the EIOPA in order to ensure that the additional costs of an IGS are weighed against the objective of consumer protection; notes that the current EU regulation on deposit guarantee schemes and investor protection schemes covers only savings products;
7. Insists that the funding model for national IGSs should be covered by the subsidiarity principle, reflecting the 'home' country principle of supervision and the diversity of models used by existing IGSs; urges the Commission not to advocate a uniquely ex-ante approach to funding, given the absence of compelling arguments in favour of such an approach and the disruption it could cause;
8. Insists that Member States should ensure that tests are carried out on their IGSs and that they are informed should the competent authorities detect problems in an insurance company that are likely to give rise to intervention under the relevant scheme; suggests that such tests should take place at least every three years, or when circumstances so require; considers, further, that the EIOPA should periodically conduct peer reviews to examine the long-term financial sustainability of schemes and call for improvements wherever necessary;
9. Acknowledges that the application of the subsidiarity principle in relation to the choice of ex-ante or ex-post funding models may result in competitive distortions between Member States; believes that such distortions have an equal bearing on both consumer and taxpayer protection and that the Commission should take a cautious, long-term approach to addressing such distortions;

10. Recognises that there are different ways of ensuring consumer protection:

- compensation: losses faced by policy-holders or beneficiaries in the event of the insolvency of an insurer are directly compensated following an orderly claims-settlement process;
 - continuity: the continuity of insurance contracts is secured through portfolio transfers to the remaining insurers in the market or to a special entity created for this purpose;
- recommends that both approaches should be permitted under the future IGS framework, taking into account the differences between national markets in terms of size, concentration, product design and range of insurance products offered;

11. Insists that the information available to consumers in the event of an insurer's insolvency should be easily accessible, comprehensive and easy to follow, with clear indications as to which authority the consumer should approach when making claims or enquiries; is convinced that setting up a single point of contact for all financial guarantee or compensation schemes would ensure that the existing legislation genuinely benefited consumers, especially as regards the provision of information and the facilitation of cross-border contact and payments;
12. Stresses that the 'home' country approach to IGSs can only be credible from a consumer perspective if there is consistency of consumer experience for both IGS functions (portfolio transfer and policy-holder compensation claims); calls on the Commission to stipulate a single own-language process and point of contact for consumers within their national supervisor for all insurance-guarantee compensation claims, regardless of the location of the 'home' IGS; recommends that EIOPA develop a harmonised and transparent approach based on simplicity and best practice, and, where necessary, through binding technical standards;
13. Stresses that consumers' knowledge and awareness of financial services and associated risks should be improved; suggests, therefore, that a mechanism similar to the European Standardised Information Sheet (ESIS) should be introduced for insurance policies, which would include clear, mandatory risk warnings on complex insurance-linked investment products and on the existence of an IGS linked to a specific national authority in order to make it easier for policy-holders to understand insurance products and gain access to all relevant information;
14. Believes that 'home' and 'host' supervisors should cooperate fully with the IGS concerned and the European supervisory framework in order to minimise disruption for policy-holders or, where appropriate, beneficiaries in a 'host' country in the event of the failure of an insurer, acting through the college of supervisors with the participation and oversight of EIOPA to ensure consistency of approach between schemes;
15. Calls on the Commission to clarify the role played by IGSs in relation to intermediaries;
16. Argues that, in order to ensure comprehensive and continuous protection for policy-holders and beneficiaries, the Commission should retain and take into account other protection mechanisms and legislative provisions that are already in place; believes that

IGSs should be activated when other protection mechanisms have failed;

17. Insists that new EU legislation should not serve to water down the protection offered by existing IGSs in Member States, and that consumers should not face any losses as a result of regulatory failure to adequately supervise insurers; calls, therefore, on the Commission to ensure that a European framework for IGSs functions as a last resort by providing policy-holders (or, where appropriate, beneficiaries) who are eligible with compensation for losses to the fullest possible extent or the possibility of portfolio transfer within a reasonable period of time should an undertaking declare insolvency;
18. Recognises that insurance undertakings are responsible for their employees' conduct and that intermediaries are obliged to hold professional indemnity insurance; notes that fraud is covered by criminal and tort law; recognises that IGS rules covering mis-selling and fraud could make supervisors less vigilant and less willing to use supervisory powers, thus creating moral hazard;
19. Notes that in the absence of a legally binding EU definition of what constitutes a small or micro-undertaking, and given the changing nature of such entities over time, the scope of the proposal for a directive on IGSs should be limited to natural persons and that natural persons directly linked to the failed insurer, such as directors, senior managers or voting board members whose area of professional responsibility is connected to the causes of the insolvency, should be excluded from the body of consumers; calls on the Commission to re-evaluate the case for including select legal persons once a legally binding definition has been agreed; stresses that, in keeping with the subsidiarity principle, individual Member States may choose to include legal persons within the scope of their national IGSs;
20. Recognises that market concentration issues could place strains on the ability of an IGS to absorb all policy-holder or, where appropriate, beneficiary claims resulting from the bankruptcy of one or more insurers; believes that rules on IGSs that could impose further strains on concentrated markets must be avoided;
21. Foresees an oversight role for EIOPA in coordinating market-specific stress testing by national authorities and in conducting Europe-wide stress testing of IGSs, issuing recommendations where appropriate, and in conducting regular peer reviews to ensure that approaches based on best practice are shared;
22. Notes that in small and concentrated markets the setting-up of an IGS with inappropriate funding mechanisms could give rise to systemic risks by increasing the degree of interconnectedness between insurers, which would create a non-level playing field between smaller and larger markets, since smaller markets would have greater difficulties in coping with the costs; notes that these difficulties need to be taken into account in order to avoid imposing further strains on concentrated markets; calls on the Commission to leave the Member States free to adapt the rules on funding and other IGS design features to the specific needs of national markets;
23. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Insurance guarantee schemes (IGS) are considered a valuable tool in reducing the risks facing policyholders in the event of the failure of an insurance entity. The European Parliament has repeatedly demonstrated its support for consideration of an EU level approach (Solvency II, Article 242; EIOPA, Article 26), and your rapporteur supports in principle the proposals put forward by the European Commission in its White Paper on a Directive for Insurance Guarantee Schemes (published July 2010), seeing them not least as consequential for the success of Solvency II.

The issue of IGS is complex on account of the wide variation in existing schemes across EU Member States and the interaction between IGS and other issues currently under consideration at EU level, most prominently the imminent introduction of Solvency II.

This explanatory statement will begin by analysing the case for an EU solution, before providing an overview of your rapporteur's preferences.

Is an EU dimension necessary?

Solvency II – from 2013 – will radically alter the European insurance industry. Statistically, the economic, risk-based requirements of Solvency II will reduce the risk of an insurer going bankrupt to a one in 200 year event. Bankruptcy refers to a situation where an insurer has a level of capital insufficient to cover its liabilities. In such a situation policyholders making claims are potential exposed to losses.

However, under Solvency II a 'ladder' of supervisory intervention exists before bankruptcy can occur. The 'ladder' is formally initiated when an insurer breaches its Solvency Capital Requirement (SCR). In such a situation the insurer will be required to take action by its competent supervisor to restore its level of capital above its SCR within a set period of time. In the event of a further deterioration in its level of capital, to the point where it breaches its Minimum Capital Requirement (MCR), the insurer will still be a going concern capable of meeting policy claims, but will be subject to severe supervisory action, including prohibition of writing new business, and/or the forced sale of portfolios and/or other assets. In practice insurers will be expected to hold capital even in excess of the SCR.

This being the case, your rapporteur identifies four areas where an EU dimension to IGS is necessary:

1) Ensuring consumer protection in the event of the bankruptcy of an insurer

While unlikely it is still possible that an (cross-border) insurer could become bankrupt, and policyholders with claims falling due may suffer losses as a consequence, absent an IGS.

2) Ensuring equal consumer protection regardless of the 'home' state of the insurer

Cross-border activity is likely to increase in coming years with more pan-European insurers moving from a subsidiary- to a branch-based-model to take advantage of the capital benefits such a structure offers under Solvency II. With consumers therefore more likely to purchase insurance from firms operating from markets with differing or no IGS, there are obvious issues in relation to consistency of consumer protection.

3) Ensuring consumer protection in the event of fraud or mis-selling

Mis-selling or fraudulent activities by insurers or intermediaries can result in policyholders being subject to lower returns and/or losses as a result of factors other than the bankruptcy of an insurer. In order to ensure consumer confidence in financial services, an IGS should also cover consumer claims resulting from fraud or mis-selling, since from a consumer perspective there is no difference between policy losses resulting from insurer bankruptcy or mis-selling/fraud – all are ultimately the result of regulatory failure.

4) Ensuring tax-payer protection in the event of IGS failure

In certain markets where a single or small number of insurers dominate in terms of written premiums, bankruptcy could result in the tax-payer having to cover the cost of policy payouts, even if an IGS were present. From a European perspective this is a particular issue where the failed insurer is using a passport to export insurance premiums elsewhere within the EU. Potential tax-payer exposure resulting from the failure of an IGS should be kept to an absolute minimum.

Key features of an EU IGS Directive

Your rapporteur believes that the four policy goals outlined above can be adequately met by a minimum harmonisation directive that ensures the same level of consumer protection regardless of the location of the insurer writing the policy, and limits the exposure of tax-payers for claims in markets where the size of one or more insurers vis-a-vis the overall market is such that its failure would imperil the ability of an IGS to meet policyholder claims. Within these boundaries – to be further drawn out below – your rapporteur believes that the design of the scheme should be a matter of subsidiarity. As such your rapporteur acknowledges that potential competitive distortions within the single market remain unaddressed, but believes that such issues are best resolved at a later date when other legislative changes have bedded down and the primary objective of consumer and tax-payer protection assured.

The geographical scope of IGS should be on the basis of 'home' country principle

There are merits to a 'host' approach from a level playing field and consumer protection perspective absent EU level harmonised consumer protection standards. However, it can result in duplication of costs for pan-European insurers having to participate in multiple national schemes and, more importantly from a prudential supervisory perspective, runs counter to the emphasis within Solvency II on ultimate discretion for prudential issues being with the lead ('home') supervisor. Thus, ultimately the failure of an insurer will be linked to the inadequacy of supervision by the 'home' supervisor, and the burden of responsibility for compensating policy-holders affected by such a failure should be borne by the 'home' IGS.

IGS should fully cover valid policy claims across all forms of insurance, and the claims compensation process should provide consistency of consumer experience

In order to ensure that consumer confidence is maintained in both the insurance industry and the single market for financial services your rapporteur is convinced the key feature of an EU IGS solution should be to ensure a consistent level of protection for consumers of all types of insurance products in the event of insurer bankruptcy, (intermediary) mis-selling or fraud. New EU legislation should not result in a reduction in consumer protection in Member States

with pre-existing IGS (several of which already offer protection on all classes of insurance, and/or 100% payouts). As a result, European consumers should be confident that all types of insurance products they buy are covered by an IGS, and that this IGS will guarantee that they receive 100% compensation within a set period of time, consistent throughout the EU.

Furthermore, to make the 'home' country principle credible from a consumer perspective, consistency of consumer experience when it comes to making IGS claims is necessary regardless of the 'home' country of the insurer. It is essential that policyholders have a single point of contact within their national supervisor that can assist them with claims, be it from the domestic IGS or an IGS in another Member State. Not least they should be able to receive adequate assistance in understanding the compensation process, and be able to make claims in their own language. EIOPA should work on developing a harmonised approach for policyholder compensation claims on the basis of simplicity and best practice, if necessary through binding technical standards. 'Home' and 'host' supervisors should cooperate fully to ensure minimised disruption for policyholder in a 'host' country in the event of a bankruptcy.

IGS should only cover natural persons at this stage, though national schemes may choose to include legal persons

There is value in including micro- and small-undertakings in an IGS from a single market perspective, but defining criteria to identify such undertakings requires careful attention. Indeed, your rapporteur notes that while an EU definition exists of what constitutes an SME (*Commission Recommendation 2003/361/EC*), this definition is not consistently applied across the EU. The changing nature of such undertakings over time provides additional complications. As a result, any forthcoming Directive for IGS should be limited to natural persons, but on adoption of a legal definition of SMEs across the EU, and following the bedding-down on a consumer-only IGS, the Commission should re-examine the case for IGS to also cover select legal persons. In keeping with the minimum harmonisation approach advocated throughout this report, your rapporteur believes that individual Member States should be allowed to include legal persons within their national IGS if they so wish.

The model for IGS funding should be a matter of subsidiarity. The IGS scheme should be sufficiently robust, with the 'home' supervisor applying credible supervisory standards to avoid tax-payer funding of compensation claims, with oversight by EIOPA

Existing IGS reflect the specificities of national markets and are highly heterogeneous in structure. As a result, provided consumer and tax-payer protection are consistent and can be assured, your rapporteur does not see the value in adopting a harmonised European approach to funding IGS at this point.

In particular, your rapporteur would not support mandating an *ex-ante* approach within a minimum harmonisation directive. While perhaps appropriate in individual Member States due to historic circumstances, it is unclear in general why the EU would require an *ex-ante* fund be available, given that:

- Even during financial crises insurers – unlike banks – do not tend to crash *en masse* on account of their different funding profile and lack of systemic inter-linkages
- The insolvency/bankruptcy of an insurer does not result in immediate funding requirements, policy claims being very illiquid from a consumer perspective, unlike retail deposits at banks

- Despite claims that membership of *ex-ante* schemes reduces moral hazard, there is no evidence to suggest that insurers operating under existing *ex-ante* or ex-post schemes in Europe adopt differing risk profiles as a result
- It is questionable at a macro-level whether an *ex-ante* scheme would be of sufficient size to make any contribution to lessening the pro-cyclical impacts of a crisis

However, your rapporteur does recognise that in a small number of markets concentration exists whereby the bankruptcy of one or a number of insurers could place significant strain on the ability of an IGS to absorb all claims made before supervisors could restructure and/or sell-on the business and/or insurance portfolios. This could ultimately result in the tax-payer having to foot the bill for covering the costs of claims. In such a situation your rapporteur believes that it is incumbent upon the responsible 'home' supervisor to ensure that the additional risk posed to a national IGS through the presence of one or more large insurers is accounted for through additional supervisory standards. This could be in the form of a general *ex-ante* fund, additional capital requirements levied under Solvency II to those larger insurers (under Pillar 2 or more stringent internal model approval), the contribution of insurance exporters to a specific *ex-ante* scheme, requiring an individual insurer to set aside additional funds in an escrow account, or another approach. Given the implications of the failure of a national IGS scheme to market confidence throughout Europe, national supervisors in coordination with EIOPA should conduct market specific and Europe-wide stress testing of national IGS to ensure they are capable of withstanding the failure of one or more insurers, and make recommendations where such IGS models are found to be insufficient. This should be accompanied by peer reviews to ensure sharing of best practice approaches to IGS.

14.4.2011

OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Economic and Monetary Affairs

on Insurance Guarantee Schemes
(2011/2010(INI))

Rapporteur: Louis Grech

SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas the recent economic downturn has exposed a number of serious shortcomings and inequalities in the Single Market, all of which have had adverse implications for consumers' and citizens' confidence; whereas, in order to protect consumers' rights and restore their confidence in the financial markets, the EU must take urgent action and take due account of consumer interests in all current and future initiatives,
- B. whereas the lack of harmonised IGSs at European level and the diverse regimes among Member States have led to ineffective and uneven protection for insurance policy holders and have slowed down the functioning of the insurance market by distorting cross-border competition,
 - 1. Believes that the adoption of a common Insurance Guarantee Scheme (IGS) at EU level and the adjustment of the diverse IGS regimes existing in Member States would effectively improve citizens' confidence, protect consumers' and taxpayers' rights and enhance market stability, in the insurance sector in particular and in internal market and financial services in general; therefore welcomes the Commission's initiative to establish a minimum harmonisation framework regarding IGS;
 - 2. Agrees that the Solvency II Directive does not create a zero-failure environment for insurance companies and does not protect consumer losses in any potential failure of insurance undertakings; therefore calls on the Commission to ensure the consistency and

coherence of the common IGS to be adopted with the Solvency II Directive;

3. Acknowledges that the most realistic and useful approach at the moment would be to establish a coherent and legally binding framework of IGS protection based on minimum harmonisation, which should not undermine the protection already offered by some Member States; agrees that, in the longer term, the aim should be to harmonise provisions on important consumer issues, such as the home Member State principle, compensation limits and other related matters; takes the view that, once the legislative framework on the IGS comes into force, the Commission should carry out an expert evaluation to determine whether the legislation has achieved its main goals and key objectives; concurs with the view that the IGS legislative structure should be based on proper impact assessments;
4. Argues that, in order to ensure comprehensive and continuous protection for policyholders and beneficiaries, the Commission should retain and take into account other protection mechanisms and legislative provisions that are already in place; believes that the IGS should be activated when other protection mechanisms have failed;
5. Believes that future IGSs should be based on the home Member State principle, especially for cross-border insurance branches, provided that Member States offer a high degree and equal level of consumer protection for all natural persons – whether policyholders or other beneficiaries – covered by all types of insurance contract pertaining to consumers (life and non-life);
6. Notes that there is no guarantee scheme for second pillar pensions managed by pension funds, whilst insurers providing pensions would be subject to an IGS; therefore insists that second pillar pension products must be covered by distinct and separate schemes resulting in equivalent levels of protection for all pensioners;
7. Insists that the information available to consumers in the event of an insurer's insolvency should be easily accessible, comprehensive and easy to follow, with clear indications as to which authority the consumer should approach when making claims or enquiries; is convinced that setting up a single point of contact for all financial guarantee or compensation schemes would ensure that the existing legislation really benefited consumers, especially as regards providing information and facilitating cross-border contact and payments;
8. Stresses that consumers' knowledge and awareness of financial services and associated risks should be improved; therefore suggests that a mechanism similar to the European Standardised Information Sheet (ESIS) should be introduced for insurance policies, which will include clear mandatory risk warnings on complex insurance-linked investment products and on the existence of an IGS linked to a specific national authority in order to make it easier for a policy holder to understand insurance products and gain access to all relevant information;
9. Believes that, in order to ensure a high level of consumer protection in the event of insurer default, a European framework for IGSs should provide a choice between financial compensation for losses and continuation of insurance contracts by portfolio transfer, and that the latter should be the preferred option, ensuring that, in all circumstances, the policyholder does not suffer any loss of rights and privileges

stemming from the policy; recommends that consideration should be given to establishing a limit on compensation for non-compulsory insurance, while guaranteeing maximum compensation for compulsory insurance;

10. Notes that, in a number of insurance markets within the EU, compensation limits for similar insurance and banking investment products are not aligned; considers that the Commission should ensure that in such cases the same level of protection that applies to bank deposits and investment funds applies to holders of insurance-linked investment products sold by insurance companies;
11. Believes that funding arrangements for IGSs should be based on both ex-ante funding, subject to detailed impact assessments, and ex-post funding, and that a wider debate at European level is needed in order to ensure that ex-ante funds are set at a reasonable percentage level which will benefit the consumer without putting too much strain on the insurer; recognises that ex-ante contingency funds would benefit the insurance companies, as they would instil good business risk management;
12. Calls on the Commission and the Member States to endorse effective governance and supervision of the IGSs by Member States' competent authorities and EIOPA and to strengthen cooperation between national authorities and EIOPA in order to ensure consistency in the approaches of the IGSs; insists that home supervisory systems with the approval of EIOPA should test whether IGSs are capable of resisting the failure of one or more insurers and should also facilitate the exchange of information and best practices;
13. Recognises that market concentration issues could place strains on the ability of an IGS to absorb all policyholder claims resulting from the bankruptcy of one or a number of insurers; believes that rules on IGS that could lead to further strains on concentrated markets must be avoided.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	13.4.2011
Result of final vote	+: 34 -: 0 0: 3
Members present for the final vote	Pablo Arias Echeverría, Adam Bielan, Lara Comi, Anna Maria Corazza Bildt, António Fernando Correia De Campos, Jürgen Creutzmann, Christian Engström, Evelyne Gebhardt, Louis Grech, Małgorzata Handzlik, Iliana Ivanova, Philippe Juvin, Sandra Kalniete, Eija-Riitta Korhola, Edvard Kožušník, Kurt Lechner, Toine Manders, Mitro Repo, Robert Rochefort, Zuzana Roithová, Heide Rühle, Matteo Salvini, Christel Schaldemose, Andreas Schwab, Eva-Britt Svensson, Róza Gräfin von Thun und Hohenstein, Kyriacos Triantaphyllides, Emilie Turunen, Bernadette Vergnaud, Barbara Weiler
Substitute(s) present for the final vote	Ashley Fox, María Irigoyen Pérez, Constance Le Grip, Pier Antonio Panzeri, Konstantinos Poupakis, Sylvana Rapti, Olle Schmidt

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	15.6.2011
Result of final vote	+: 37 -: 0 0: 1
Members present for the final vote	Sharon Bowles, Udo Bullmann, Pascal Canfin, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Diogo Feio, Elisa Ferreira, Ildikó Gáll-Pelcz, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Gunnar Hökmark, Wolf Klinz, Jürgen Klute, Philippe Lamberts, Werner Langen, Astrid Lulling, Arlene McCarthy, Ivari Padar, Alfredo Pallone, Anni Podimata, Antolín Sánchez Presedo, Olle Schmidt, Edward Scicluna, Peter Simon, Peter Skinner, Theodor Dumitru Stolojan, Ivo Strejček, Kay Swinburne, Marianne Thyssen, Ramon Tremosa i Balcells, Corien Wortmann-Kool
Substitute(s) present for the final vote	David Casa, Ashley Fox, Thomas Mann