



ЕВРОПЕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET  
EUROPÄISCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT  
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Committee on Economic and Monetary Affairs  
The Chair

320885 18.12.2014

Mr Jonathan Hill  
Commissioner for Financial Stability,  
Financial Services and Capital Markets  
Union  
European Commission  
Rue de la Loi 200  
B – 1049 Bruxelles

Dear Commissioner,

In my letter of 18 September 2014 to Commissioner Barnier, I informed your predecessor about the concerns which the Coordinators of the Committee on Economic and Monetary Affairs (ECON) have with regard to the process through which international capital standards in (re)insurance are currently being developed. It is our understanding that several work-streams, each with their own focus and timeline, are underway and that a number of international organisations are involved. A lack of clarity exists in particular, over the Commission's objectives, the coherence and consistency of any such standards with EU rules, and most importantly, the governance of the process as a whole.

It is unfortunate that the reply of 9 October 2014 from the Commissioner was limited to stating some high level and well-known facts, and lacked the so much needed clear political view how to ensure a leading role for the EU in the international insurance arena, whilst ensuring democratic accountability to the Parliament. The ECON Coordinators were disappointed with a reply that did not address the issues raised and have requested that a more in-depth response be submitted.

I do realise that our letter was sent at the end of the last Commission's mandate and this timing may have had an impact on its ability to produce a comprehensive response. Having said this, I count on your commitments to cooperate with the Committee when asking you to provide us with a comprehensive response, including setting out some of your political objectives in this field. This will enable the Committee to better understand your intentions for this vast undertaking.

The matter is also becoming more pressing, now that other activities in the insurance area are commencing. These include the upcoming third-country (re)insurance equivalence delegated acts and the covered agreement on reinsurance collateral with the US. In addition, the Committee has started an own initiative report on the EU's role in the framework of international financial, monetary and regulatory institutions and bodies, and an elaborated response would provide valuable input for that report.

Yours sincerely,

Roberto Gualtieri

Annex: Letter to Commissioner Barnier of 18 September 2014

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Committee on Economic and Monetary Affairs  
The Chair

203162 18.09.2014

Mr Michel Barnier  
Commissioner for Internal Market and  
Services  
European Commission  
Rue de la Loi 200  
B – 1049 Bruxelles

Dear Commissioner,

The Coordinators of the Committee on Economic and Monetary Affairs have expressed concerns about the process through which international capital standards in (re)insurance are currently being developed. It is our understanding that several work-streams, each with their own focus and timeline, are underway and that a number of international organisations are involved. A lack of clarity exists in particular, over the Commission's objectives, the coherence and consistency of any such standards with EU rules, and most importantly, the governance of the process as a whole. In this respect the following questions seem relevant.

The Parliament is aware of the opportunities relating to the development of an international capital standard for (re)insurance undertakings which should allow for an increase in international trade in insurance services and enhancement of global financial stability. This would require the major insurance markets to adhere to such global capital standards. Could the Commission clarify how all these conditions will be met?

The Solvency II Directive will finally be applicable from 1 January 2016 and as you are no doubt aware, vast sums of money have been invested by all stakeholders. It would therefore be most unfortunate if international capital standards deviated from this Directive, particularly as it is now so close to entering into force. Could the Commission make clear how it intends to ensure that any global standards are coherent and consistent with Solvency II?

The technical work that leads to international capital standards is mostly done by only a few supervisors, yet it is important that any global capital standard can base itself on a commitment from all European stakeholders. Clear negotiating mandates, reporting lines and allocations of responsibility are therefore necessary. Could the Commission elaborate how the governance structure of the international negotiations has been designed and how the Commission intends to make itself accountable to the Parliament?

A comprehensive response would help the Committee to better understand the Commission's intentions for this vast undertaking. It would also provide valuable input for the future ECON own initiative report that will cover, inter alia, global standards in financial services.

Yours sincerely,

Roberto Gualtieri