

JOINT STATEMENT ON U.S.-EU NEGOTIATIONS FOR A BILATERAL AGREEMENT ON INSURANCE AND REINSURANCE MEASURES

WASHINGTON/BRUSSELS - “U.S. and EU representatives are pleased to announce the conclusion of successful negotiations on an agreement that will ensure ongoing robust insurance consumer protection and provide enhanced regulatory certainty for insurers and reinsurers operating in both the U.S. and the EU. These negotiations resulted in a written Agreement that is a ‘covered agreement’ in the meaning of the Dodd-Frank Act for the United States and an Agreement under Article 218 of the Treaty on the Functioning of the European Union for the EU.

“The Agreement covers three areas of prudential insurance oversight: (1) reinsurance; (2) group supervision; and (3) the exchange of insurance information between supervisors.

“With regard to reinsurance, the Agreement will enhance consumer protection and will lead to the elimination of collateral and local presence requirements for EU and U.S. reinsurers operating in these markets.

“By virtue of the Agreement, U.S. and EU insurers operating in the other market will only be subject to worldwide prudential insurance group oversight by the supervisors in their home jurisdiction. For the United States, this preserves the primacy of the U.S. regulators with respect to oversight of U.S. insurance groups. For the EU, this preserves the primacy of EU oversight of EU insurance groups. The limitations on the exercise of worldwide group oversight outside of the home jurisdiction include limits on matters involving solvency and capital, reporting, and governance. Supervisors nevertheless preserve the ability to request and obtain information about worldwide activities which could harm policyholders' interests or financial stability in their territory.

The Agreement also encourages insurance supervisory authorities in the United States and the EU to continue to exchange supervisory information on insurers and reinsurers that operate in the U.S. and EU markets. To support such information exchange, the Agreement includes model memorandum of understanding provisions.

“The final legal text of the Agreement was provided to Congress on January 13, 2017, in accordance with the Dodd-Frank Act. The European Union will follow the necessary steps, involving the Council and the European Parliament and pursuant to the Treaty on the Functioning of the European Union, to sign and formally conclude the Agreement. U.S. and EU negotiators affirm that the Agreement is balanced, in the mutual interest of both the U.S. and the EU, and provides meaningful benefits for U.S. and EU insurance consumers and for U.S. and EU insurers and reinsurers that operate in both markets.”

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