

Effects of regulation on long-term investment must be assessed

Response sent to EC consultation on Green Paper on long-term financing

Brussels, 26 June 2013: In its response to the European Commission's consultation, Insurance Europe has welcomed the recognition in the EC Green Paper on the long-term financing of the European economy that regulatory and framework changes — including changes in prudential regulation, accounting rules and tax law — could threaten insurers' ability to continue providing long-term funding to the economy.

"Policymakers should not only promote the development of long-term savings, but also create an environment of trust and stability for those willing to invest in long-term products," said Insurance Europe director general Michaela Koller. "The consequences of individual regulations, as well as their cumulative impact, need to be assessed so that the wide array of regulatory initiatives do not result in adverse consequences for insurers' role as long-term investors and, in turn, for the wider economy."

Providing long-term funding is not insurers' primary role, but a consequence of their function as providers of protection and pension products, which leads them to collect premiums that are invested in appropriate financial assets. Insurers are the largest institutional investor in Europe, with an estimated €8.5trn of assets under management in 2012.

Insurance Europe strongly believes that the impact of regulatory initiatives should not be assessed on an isolated basis, but rather cumulative impact studies within and across sectors should be conducted.

A recent Insurance Europe/Oliver Wyman study on the role of insurers as institutional investors identifies certain regulatory initiatives that could unintentionally harm insurers' long-term investing, such as aspects of the forthcoming Solvency II regulatory regime's capital requirements, the proposed financial transaction tax and reforms of over-the-counter derivatives trading.

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Link

[Insurance Europe response to the Green Paper consultation "Funding the future: insurers role as institutional investors"](#), Insurance Europe and Oliver Wyman, June 2013

Background

The European Commission published a Green Paper on the long-term financing of the European economy in March 2013, launching a three-month public consultation on how to foster the supply of long-term financing and how to improve and diversify the system of financial intermediation for long-term investment in Europe.

Notes for editors

1. For further information please contact Janina Clark, head of communications & PR (tel: +32 2 894 30 70, clark@insuranceeurope.eu).
2. Copies of all Insurance Europe press releases are available on the Insurance Europe website (www.insuranceeurope.eu).
3. 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 more than €1 100bn, employ almost one million people and invest around €8 500bn in the economy.