

Meeting with German Insurance Association

Meeting date and place

Meeting held on 26/02/2020 10:00

Participating organisation(s) & representative(s)

- German Insurance Association **Participant. Requester. Contact.**
 - German Insurance Association **Participant.**
 - German Insurance Association **Participant.**

Main issues discussed

In this first meeting of GDV representatives with FISMA, GDV quickly presented themselves: Their members account for 97% of Germany's primary insurance market, and their members invest EUR, making them some of the leading providers of long-term investment capital. Given the consistently low yield expectations on bonds markets, German insurers are looking for more investments closer to "real economy", and namely for more long term cross border FDI investments in other MS.

Investment protection

Given their long-term return expectations, insurers are specifically interested in long term investments such as infrastructure investments, notably in the field of sustainable investments and renewable energy projects. Insurers are among the largest investors in infrastructures and renewable energies. While in the past German insurers mainly invested into domestic projects, there is a strong demand to invest more cross-border into projects in other MS outside Germany. Their preferred form for the investments are PPP, as they seem to them the most economically favourable form of investments under cost/revenue considerations over the whole lifecycle of the investment. In their view, unexpected regulatory changes that significantly affect the economic viability of the investments over its lifecycle are serious barriers to more long term investments. Investors that have experienced such an unexpected regulatory change in a certain sector in a MS are said to be prone not to invest in that MS market anymore, which will be detrimental for those MS in the long term. Without an adequate investment protection in place that would sufficient guarantee the invested capital, ideally at EU level, insurers will refrain from investing long term in certain MS. They reported the concerns of their members that after Achmea they will be less protected as arbitration is no longer available

FISMA reassured that it is indeed the aim of the Commission to assess the EU investment protection environment and to restore investors' confidence where it has been lost. This could include both measures to prevent problems from unexpected regulatory changes, for example by making the national decision making process more transparent and more open for stakeholders' contributions, as well as measures aiming at improving enforcement and dispute resolution mechanisms in cases where and escalation of the dispute cannot be prevented. FISMA further informed GDV about the planned public consultation on the EU investment protection environment in Q2 2020, and also invited them to participate in the next investment protection workshop, which is planned for end of April.

Other CMU topics

GDV would like to see further efforts to harmonise insolvency and enforcement laws in the EU. FISMA referred to the High Level Forum and to the CMU action plan due in Q3 2020 where this issues are being analysed and referred to FISMA colleagues for further detail.

Sustainable Finance

Concerning the SF Action Plan, GDV takes the view that it is important not to deviate from the Solvency II risk based system in order to avoid long term misallocations of capital and believes that taking into green/brown prudential factors is dangerous. FISMA assured them the Commission services are aware of those concerns and referred to FISMA more detail.

Directorate or unit

Internal participants

FISMA () @ec.europa.eu **Participant.**
 FISMA () @ec.europa.eu **Participant. Notetaker.**

Author(s) of minutes

and validation date

validated the minutes on 17/03/2020 09:51

