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Study of Insurance Economics

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Layout & Distribution: Valéria Kozakova

Luxembourg - An International Insurance Center

Victor Rod

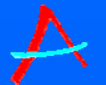


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■ SUMMARY:

- 1. External factors
- 2. Internal factors
- 3. Fields of activities
- 4. Legal framework
- 5. Conclusions



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- External factors
- Luxembourg is a founding member of The European Union
- Enjoys access to >400 million European customers
- Freedom of circulation of persons, goods, services and capital



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- Special European factors
- European harmonization directives for insurance and reinsurance companies:
 - ==> Home Country control
 - ==> European Passport
 - ==> Freedom of Services



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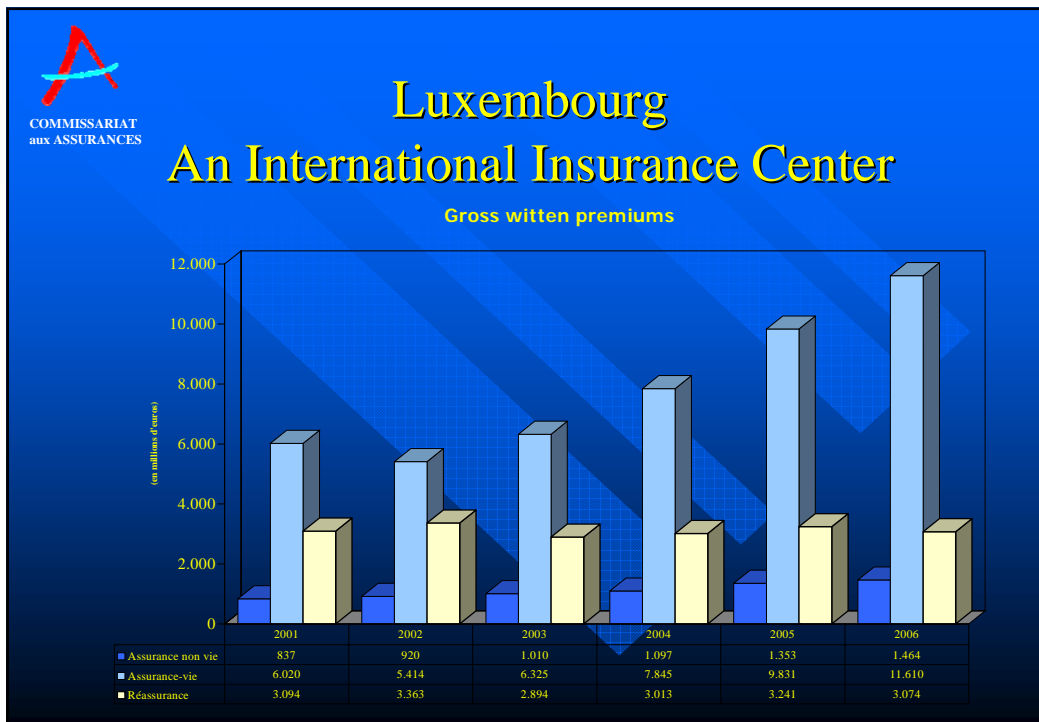
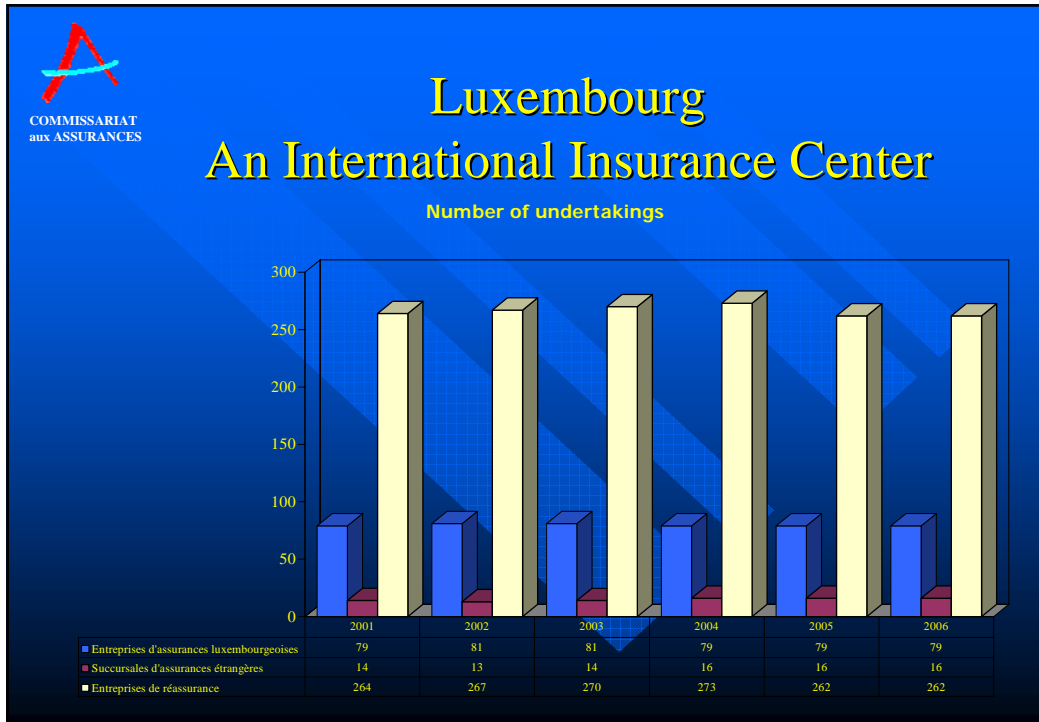
- Internal factors:
 - political, social and economical stability
 - leading international financial services centre
 - fair tax regime for companies and individuals
 - central location in the heart of Europe
 - highly developed communication networks
 - multilingual and highly skilled labour force
 - flexible legal and administrative framework
 - “business minded” authorities



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
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- Fields of Activities
 - Life companies: Capital redemption and Unit linked policies (Dedicated Funds)
 - Non-life companies: All property & casualty
 - Reinsurance companies: Captive business & financial reinsurance
 - Commercial Reinsurance: Hub for European activities





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- Luxembourg**
An International Insurance Center
- Legal requirements for a License (contd.)
 - Fit and proper test for board members (directors) and managers
 - External auditor appointed by Commissariat aux Assurances
 - Daily management must be carried out in Luxembourg
 - Business plan



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Luxembourg An International Insurance Center

- Ongoing Supervision
 - Quarterly and annual reports to the Commissariat aux Assurances
 - Special auditor's report to the Commissariat
 - Confidentiality rules for direct insurers
 - Compulsory equalization reserve for reinsurers



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- Conclusions
 - Luxembourg established insurance and reinsurance companies have free access to the European market
 - Luxemburgish insurance legislation is a fair trade off between consumer protection considerations and free entrepreneurship