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Part 1:1)d

FRAMEWORK FOR INSURANCE MARKET LIBERALISATION

Insurance Committee Secretariat

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This report is part of the OECD Insurance and Private Pensions Compendium, available on the OECD Web site at www.oecd.org/daf/insurance-pensions/ The Compendium brings together a wide range of policy issues, comparative surveys and reports on insurance and private pensions activities. Book 1 deals with insurance issues and Book 2 is devoted to Private Pensions. The Compendium seeks to facilitate an exchange of experience on market developments and promote "best practices" in the regulation and supervision of insurance and private pensions activities in emerging economies. The views expressed in these documents do not necessarily reflect those of the OECD, or the governments of its Members or non-Member economies.

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FRAMEWORK FOR INSURANCE MARKET LIBERALISATION

- Considering that the liberalisation of the insurance markets (including reinsurance) is beneficial to the consumers, the economy and the insurance industry, and the consequent need to promote it;
- Considering that liberalisation requires genuine access to national markets as well as to local markets of federal states;
- Considering that a successful liberalisation calls for an adequate regulatory and supervisory framework;
- Conscious that the liberalisation process may need to be achieved progressively and may need to take account of differences in classes and modes of delivery;
- Having regard to the OECD Codes of liberalisation, the work of the OECD related to the revision of these Codes and to liberalisation issues in general, the Twenty Insurance Guidelines for economies in transition, and taking account of the non-binding nature of this “framework for insurance market liberalisation”;

The OECD Insurance Committee:

- agrees on the following basic principles for the liberalisation of the insurance markets:

Principle No.1: Liberalisation requires genuine market access.

Principle No. 2: Liberalisation requires adherence to the concept of national and non-discriminatory treatments.

Principle No. 3: Liberalisation requires a suitable regulatory framework and adequate prudential rules.

Principle No. 4: Liberalisation requires open and ongoing dialogue among regulators and all market participants, transparent markets, and a transparent regulatory and supervisory process.

Principle No. 5: Liberalisation requires fair competition and de-monopolisation.

- invites non-member countries to adopt these principles;

- agrees to develop, in the framework of the 2001-2002 programme of work of the OECD Insurance Committee, further analytical work on the implementation of these principles, the identification of the obstacles for such implementation and to consider the best policy recommendations and guidelines that the Committee could consider in this respect and possibly report to the OECD Council.