

EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 23 June 1999

at the request of the Commission of the European Communities on a draft Commission Regulation (EC) laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the treatment of insurance in the Harmonised Index of Consumer Prices and modifying Commission Regulation (EC) No 2214/96

(CON/99/06)

(1999/C 252/05)

1. On 30 March 1999 the European Central Bank (ECB) received a request from the European Commission for an ECB opinion on a draft Commission Regulation (EC) concerning minimum standards for the treatment of insurance in the Harmonised Index of Consumer Prices (HICP) (hereinafter referred to as the 'draft Regulation').
2. The ECB's competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community and Article 5(3) of Council Regulation (EC) No 2494/95 of 23 October 1995 concerning harmonised indices of consumer prices. In accordance with Article 17.5, first sentence, of the Rules of Procedure of the European Central Bank, this ECB opinion has been adopted by the Governing Council of the ECB.
3. The objective of the draft Regulation is to establish minimum standards for the treatment of insurance in the HICP. Insurance is partly included in the initial coverage of HICPs. According to Council Regulation (EC) No 1687/98 of 20 July 1998 amending Commission Regulation (EC) No 1749/96 concerning the coverage of goods and services of the harmonised index of consumer prices, the coverage of insurance will be extended in December 1999. Moreover, this Council Regulation requires that the methodological details and the timetable for the extension of coverage shall be specified in accordance with the procedure laid down in Article 14 of Council Regulation (EC) No 2494/95. The draft Regulation lays down a methodology for the treatment of all insurance services covered by the HICP.
4. The draft Regulation stipulates two main principles. The index weight for insurance is limited to the implicit service charge which is paid by households for insurance policies as part of the total premium. The index price for insurance changes in line with the gross insurance premium for a specific policy paid by households. Moreover, the draft Regulation sets standards for the quality adjustment of insurance prices and the treatment of index-linked insurance policies. The ECB supports the rules proposed by the Commission, since they enhance the comparability of HICPs.
5. The draft Regulation does not contain an explicit reference date from which the proposed rules are to be applied. The ECB assumes that the rules will be applied as from December 1999 for all HICPs, corresponding to the date for the inclusion in HICPs of a broader range of insurance services.
6. This ECB opinion will be published in the *Official Journal of the European Communities*.

Done at Frankfurt am Main on 23 June 1999.

The Vice-President of the ECB

C. NOYER