

SCOR turns to the European authorities to contest the virtual monopoly of the *Caisse Centrale de Réassurance* (CCR) on natural catastrophe reinsurance in France

SCOR acknowledges the decision rendered by the French Constitutional Council, made public today, that Article L. 431-9 of the Insurance Code is constitutional. Article L. 431-9 of the Insurance Code exclusively gives the *Caisse Centrale de Réassurance* (CCR) State backing for natural catastrophe reinsurance.

SCOR is surprised that this decision was prompted by the fact that the CCR would be “required to reinsure all insurers requesting reinsurance as long as they meet the necessary legal and regulatory conditions”, when there is no text setting out such an obligation. This point had, moreover, already been raised by the public rapporteur of the Council of State in his findings in July: “the texts simply entitle the CCR to conduct reinsurance rather than formally obliging it to, even though this appears to be the case in practice, giving it the role of a reinsurer of last resort that is forbidden to refuse cover to any operator”.

SCOR, which contests neither the natural catastrophe insurance system itself, nor the existence of a last-resort State guarantee, observes that the exclusive nature of this State backing, combined with a lack of guidelines in terms of its scope, gives the CCR a virtual monopoly and enables it to hold a share of over 90% of the French natural catastrophe reinsurance market.

Extending the market beyond the virtual monopoly of the CCR would improve the service provided to insureds and insurers, mobilise additional reinsurance capacity and thus limit the State’s exposure to the financial risks linked to natural catastrophes.

SCOR stresses the fact that the decision just rendered by the Constitutional Court is based solely on rights and freedoms as set forth by the Constitution. In no way does it preclude another tribunal from condemning CCR's quasi-monopoly on other legal grounds, such as a violation of European competition laws.

SCOR intends to continue to promote a robust legal framework for the reinsurance of natural catastrophe risks, as part of the legal action currently being brought before the Paris administrative court. SCOR will also bring this before the European authorities.

SCOR will do everything possible to re-establish fair competition with regard to the reinsurance of natural catastrophes in France.

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