

# The CCS and its international presence

The international activities of the *Consortio de Compensación de Seguros* have steadily increased, especially in the past fifteen years, to the point where it currently has an active and well-established presence abroad.

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## 1. Presentation

The *Consortio de Compensación de Seguros* (CCS) began life as a stable standing institution serving Spain's insurance industry in 1954, although it can trace its origins back to the years immediately following the Spanish Civil War (1936-1939). From a national standpoint nobody is in any doubt that throughout the course of its long history the CCS has become a prominent feature in Spanish insurance, the even keel and sustainability of which it has been fruitful in contributing to, via its innovative pursuit of the various different duties that have been legally commended to it. And from an international point of view, the activities of the CCS within several fora and organisations, as well as in bilateral institutional relations have intensified unwaveringly, essentially since it was converted into a public body with the approval of its Legal Charter<sup>1</sup>, particularly in the past fifteen years, which means that it now has an active and highly consolidated presence outside Spain.

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## 2. Guiding norms

The international activities of the CCS are basically subject to two guiding norms: 1) acting prudently and 2) bringing out the potential of the systems it manages. These are two sides of the same coin.

Here we should point out that, with respect to the first norm mentioned, the CCS is, relatively speaking, a unique institution in the international insurance arena. As an instrument that serves Spain's insurance industry it has a particularly key role and has accumulated a wealth of experience in dealing with major insurance-related issues (extraordinary risk insurance, motor insurance, and combined agricultural insurance) and protecting insured parties (settlement and liquidation and turn-around of insurers), while it also performs several other functions that have been legally assigned to it and is not driven by any profit motive (which does not imply any contradiction with efficient management of its resources), but instead pursues social benefit in the service it provides. It thus contributes to highlighting and promoting the social role of insurance.

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(1) Endorsed by Law 21/1990 of 19 December.

Such a wide variety of functions performed by a single institution (the CCS) presents it with a whole raft of assorted other focuses to take into consideration from an international perspective<sup>2</sup>. Prudence advises against setting up the CCS as a model for insurance solutions for other countries, out of both respect for them and the conviction that it is not possible to “export” such solutions just like that, however much success they might have enjoyed, it being clearly understood that the CCS has always been open to exchanging information either on a bilateral or multilateral basis, and to disclosing information on its coverage schemes when asked to do so. And prudence too so as not to supplant competencies that are the preserve of other Spanish institutions in the international arena and upstage them. It should also be borne in mind that the CCS is a public body, which means that in certain areas its activities have certain lines of demarcation which it should not overstep.

The second guiding norm should be understood in the sense that, after the above has been established, the CCS should be assertive about the insurance schemes it manages in connection with any proposals and initiatives from multilateral institutions and bodies that compromise or cast doubt over key aspects of their validity or feasibility. This is because these schemes (and some of them have for some time now) work effectively and provide satisfactory and efficacious answers to specific needs within the Spanish insurance industry. The principle here is, if it works, don't touch it, unless it is to make it better, and, in the case of the CCS, to fulfil the role of providing the insurance market and society in general with a more complete service, which represents its original *raison d'être* and remains its inspiration. This should, however, not be any impediment to learning information in the course of contact and participation in these fora, not only to stay up-to-date about anything that may be discussed in relation to the activities of the CCS, but also to keep in mind ideas and criteria that could be applied to improving the schemes which the institution runs.

### 3. International activity

The international activity of the CCS takes place through both multilateral and bilateral channels.

#### 3.1. Multilateral channels

##### 3.1.1. International fora

These are platforms that lack legal personality or registration and which bring together, via a system of free membership and without fees as such, those institutions or pools which handle insurance solutions in different countries that are similar to those dealt with by the CCS. They are conceived for the purpose of exchanging information and experience amongst members, principally through annual meetings and conference-calls. Such is the case of the World Forum of Catastrophe Programmes (WFCP), which was founded in San Francisco (United States) in October 2006 and is a forum for natural disaster coverage systems (having some form of state involvement) from different countries in the world. The International Forum for Insurance Guarantee Schemes (IFIGS), which was created in 2013, brings together systems to protect insured parties in cases where insurers have been left insolvent. And finally the International Forum of Terrorism Risk Re-Insurance Pools (IFTRIP), which started out in 2016, is a platform for members or observers of systems to cover against risk from terrorism.

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(2) Save for the odd exception, in other countries it is usual for an institution or pool to be set up for each insurance solution implemented. In Spain this comes down to just a single institution, the CCS, which handles a range of different solutions which are all liable to have an impact or be affected within the international orbit. The assumption by the CCS in 1981 of those duties in the area of liability motor insurance which had been performed by the National Guarantee Fund for Road Traffic Risks (*Fondo Nacional de Garantía de Riesgos de la Circulación*), and in 2002 of the competencies of the Insurance Company Liquidation Committee (*Comisión Liquidadora de Entidades Aseguradoras*, CLEA), represented the opening up of new areas in terms of international activities. By the same token, the new challenges for the various different areas of activity of the CCS which take in climate change, cyber-risk, insurtech, driverless vehicles, etc. open up new fields that have to be mirrored in the external activities of the CCS.



Figure 1. 11th WFCP Meeting. Taipei (Taiwan), 25-28 September 2017.

### 3.1.2. Official institutions and organisations

With respect to official institutions and organisations or those of a formal nature, essentially relations are most notable within the context of the Organisation for Economic Co-operation and Development (OECD), along with certain Directorates General (e.g. for Climate Action, or European Civil Protection and Humanitarian Aid Operations, known as ECHO...), as well as agencies and bodies under the European Commission (Joint Research Centre, known as the JRC, etc.), Insurance Europe, which brings together national insurers' associations, and the Council of Bureaux (CoB).

As for the OECD, apart from participation in working groups, conferences and meetings on matters that relate to risk from terrorism<sup>3</sup>, natural disasters, nuclear accountability, etc., the CCS is represented on the High Level Advisory Board on Financial Management of Catastrophes, which is a group of professionals from insurance and reinsurance, modelling techniques, and academia which operates as a kind of think tank to advise the Insurance and Pension Funds Committee (Directorate for Financial and Enterprise Affairs at the OECD).

Involvement in working groups, at conferences, meetings and congresses within the sphere of various different agencies of the European Commission in relation to subjects associated with natural disasters, climate change, environmental responsibility etc. is permanently on-going. On some occasions participation of this kind is undertaken by Spanish bodies that have a degree of responsibility regarding the matter in question (basically the Directorate General for Civil Protection and Emergencies - *Dirección General de Protección Civil y Emergencias* -, and the Spanish Office for Climate Change - *Oficina Española de Cambio Climático* -). The CCS has also left its contribution in the form of advisory work and reviewing conclusions in research projects conducted under the auspices of the European Commission.

As has already been mentioned, the CCS also takes part in working groups and at conferences organised by Insurance Europe on matters relating to its own activities. In this case participation always takes place via the Spanish Association of Insurance and Reinsurance Companies (*Unión Española de Entidades Aseguradoras y Reaseguradoras*, UNESPA).

(3) Notable here has been the regular involvement of the CCS since 2002 in initiatives arising in the context of the OECD. In that year and as a result of the terrorist attacks of 11 September 2001 in the United States, the OECD set up an international working group (which the CCS was part of from the outset) tasked with establishing reference criteria for solutions for terrorism coverage in countries lacking insurance for this kind of risk. The work of this working group bore fruit in the document "OECD Check-List of Criteria to Define Terrorism for the Purpose of Compensation. Recommendations of the Council", which was adopted by the OECD Council on 15 December 2004 ([www.oecd.org/finance/insurance/34065606.pdf](http://www.oecd.org/finance/insurance/34065606.pdf)).

Last but not least, we should make mention of the highly active involvement on the part of the CCS at conferences and meetings of the Council of Bureaux (CoB). Here we should make the point that the directives on liability motor insurance include the existence of a national insurance office or bureau in each member country<sup>4</sup>, while the CoB is the General Council of Bureaux<sup>5</sup>. With regard to this kind of insurance this Council came to look after cross-border issues: a system of Green Cards, national offices and a system in the Fourth Directive on liability motor insurance<sup>6</sup> (guarantee funds, and compensation and information bodies), where the CCS plays a particularly leading role. Within the CoB and each of its competencies, the CCS works closely with OFESAUTO.

On a less regular and permanent basis the CCS takes part at conferences and congresses involving international bodies to explain some of its systems of coverage (the World Bank, the Asian Development Bank, etc.), as well as in connection with national institutions (the US Treasury, Costa Rica's Insurance Superintendency, etc.), or at the invitation of insurance associations of certain countries (China, Rumania, Bulgaria, etc.).



Figure 2. IFTRIP, Paris Conference. 29 June 2017.

### 3.2. Bilateral relations

Finally, and as regards bilateral relations, the CCS maintains special and close individual contact with certain members of the afore-mentioned platforms of which it is part. Furthermore there are frequently visits to the headquarters of the CCS by insurance delegations or professionals from foreign countries who are interested in learning how it works in relation to some of its key functions. In 2017 some thirteen such visits were made to the CCS.

(4) The national offices were set up pursuant to the recommendation adopted on 25 January 1949 by the Inland Transport Sub-committee of the Economic Commission for Europe (a UN organisation). In Spain the national office, which is in charge of the Green Card, is the Spanish Motor Insurers Bureau (*Oficina Española de Aseguradoras de Automóviles*, OFESAUTO).

(5) The Guarantee Funds and Compensation Bodies had their annual conference held by the European Insurance Committee (the acronym of which was CEA in French), which was based in Paris and replaced by Insurance Europe (IE), which has its headquarters in Brussels. IE would go on to take charge of the secretariat and maintenance of the organisation the CoB.

(6) Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability (OJEU, L 263/11, of 7/10/2009).

## Conclusion

The CCS is a public institution that is charged with performing several different functions in the area of Spanish insurance, essentially with respect to handling insurance solutions in different fields. Its international activity has been marked, on the one hand, by the interest which the organisation and its functions arouse abroad and, on the other, by the CCS's own need to keep up-to-date in a globalised world on everything that affects such solutions. In this context it has close relations that involve multilateral and bilateral cooperation with a whole raft of institutions and bodies in the international arena.