

## TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP)

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### BACKGROUND

The Transatlantic Trade and Investment Partnership (TTIP) is an important trade agreement being negotiated between the United States and the European Union (EU). It is essential for the insurance and financial services sectors to be included in both the market access and prudential portions of TTIP for it to be truly comprehensive, given the current size of the bilateral financial services trade and the opportunity that it would present to drive future economic growth in both Europe and the U.S.

The U.S.-EU economy accounts for about half of global GDP, a third of global trade, \$1 trillion in annual two-way trade, and nearly \$4 trillion in total transatlantic investments. The U.S.-EU relationship directly supports seven million jobs and millions more indirectly. In the insurance sector alone, bilateral trade and investment exceed \$185 billion a year.

As insurance is a highly regulated sector, the greatest TTIP benefits for the life insurance industry will come from increasing mutual U.S.-EU understanding and confidence in each other's regulatory system and supporting the development of standards that recognize our common emphasis on consumer protection, transparency, and rule of law.

Including insurance and financial services in TTIP also would provide full market access and national treatment for the sector, as well as full freedom from restrictions regarding corporate organization. Additionally, establishing new rules, principles, and modes of cooperation to address modern global challenges would allow for addressing the increasing incidence of state-owned enterprises and issues regarding global insurance standards.

There is currently an ongoing U.S.-EU insurance regulatory dialogue project that focuses on the great complexity in regulation and the need to distinguish between real regulation and unconventional barriers to trade. ACLI strongly supports this project. The TTIP agenda for insurance regulatory matters should not duplicate this on-going insurance dialogue, but can complement it with political support to ensure dialogue milestones are appropriately timed, transparent, and productive.

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### STATUS

President Barack Obama, European Council President Herman Van Rompuy, and European Commission President José Manuel Barroso began TTIP negotiation in June 2013. The U.S. and EU are conducting ongoing rounds of TTIP negotiations.

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### ACLI POSITION

ACLI strongly supports the intent to negotiate a comprehensive TTIP between the U.S. and EU. TTIP represents not only an opportunity to support and grow our bilateral trade relationship, but also an opportunity to set the bar for multilateral high-standards trade agreements and international regulatory communication and cooperation.

The goal of the insurance industry—to protect policyholders from risks while ensuring financial security—is consistent with the stated goals of the U.S. and EU governments. As a fundamental ingredient for any robust and seamless economy, we expect that financial services, and specifically insurance, will be viewed as a key component of a comprehensive TTIP.

ACLI supports the vision provided by the EU-U.S. High Level Working Group that calls for TTIP to contain both ambitious market access commitments, as well as a framework to enhance and support transatlantic regulatory cooperation in financial services.

In addition, ACLI supports the inclusion of cross-cutting disciplines, regulatory best practices, transparency requirements, and new regulatory cooperation tools in TTIP that would be applicable to all regulatory decision making, including those impacting financial services and insurance. ACLI also supports the following:

- Establishment of a mandate encouraging all regulators to determine and reach equivalence between regulatory frameworks based on outcomes, even as those outcomes may be achieved in different ways.
- Development of new tools that include a trigger and a transparent process for review of both ex-ante and ex-post regulations deemed important to the transatlantic economy.
- Commitment to avoiding imposition of trade restrictive measures, including limiting extraterritorial impact of regulatory decisions, such as those on the cross border provision of auxiliary services (e.g., data processing).
- Establishment of a political level mechanism, at the highest levels within both governments, to review regulatory cooperation efforts and ensure progress across all sectors.

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#### AT A GLANCE

- Life insurers' products help provide financial security to emerging markets.
- More than one in five—38.1 million—U.S. jobs depends on international trade.
- The U.S.-EU economy accounts for about half of global GDP, a third of global trade, \$1 trillion in annual two-way trade, and nearly \$4 trillion in total transatlantic investments.
- The U.S.-EU relationship directly supports seven million jobs and millions more indirectly.
- In the insurance sector alone, bilateral trade and investment exceeds \$185 billion a year.

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