To:	Mr Gabriel Bernadino EIOPA Westhafenplatz 1 60327 Frankfurt am Main Germany
From:	Economics & Finance department
Date:	11 March 2013
Reference:	ECO-13-019
Subject:	Solvency II Interim Measures

Dear Mr Gabriel Bernardino,

In light of the delays in Solvency II, Insurance Europe recognises the potential benefits of Interim Measures in helping to maintain momentum, encourage readiness for actual implementation and achieving a harmonised approach across jurisdictions.

Insurance Europe remains supportive of an economic risk based regulatory regime and while delays in implementation are unfortunate, we are committed to make sure that this additional period of time is used to improve the existing framework so that it better reflects the economic reality of the insurers business model.

We welcome discussion on how interim measures could be used to encourage companies to prepare for Solvency II. In particular, we support EIOPA proposing high-level principle-based guidelines on qualitative aspects of Pillar II including governance, risk management and a forward looking risk assessment, provided proportionality is applied across all areas. We also support interim guidelines on pre-application of internal models aiming at assuring consistency in approach and timing across national supervisory authorities and readiness from undertakings.

However, we are opposed to the introduction of compulsory quantitative reporting or ORSA requirements based on Solvency II Pillar 1 requirements as this could pre-empt the outcome of the Omnibus II process and create potentially unnecessary costs. Without involving trialogues parties such measures, whether they come from EIOPA or from local supervisors, would bear the risk of interfering with the policy making process itself whilst the Omnibus II discussions are on-going.

In all these interim measures, it is essential that regulators focus on limiting the cost of Solvency II to insurers and their policyholders, otherwise the costs of Solvency II will become apparent long before the benefits, and there is a real risk that the project will fall into disrepute.

We appreciate that estimated Solvency II type metrics may be useful before implementation, but these will in any case be available from Stress Testing exercises or further analytical work required to inform Omnibus II developments or changes to address the outstanding Level II issues.

Only when the outcome of Omnibus II is known can the focus turn to what, if any, interim measures should be applied to reporting, as this will depend on when Omnibus II is finalised, what is decided, and the time-table for implementation. Even then the implementation ought to be done in application with the proportionality principle and over a reasonable period of time to allow firms to make the necessary change to their reporting processes and systems.

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It is important to acknowledge that interim measures are not a phasing in of Solvency II and that additional information collected during this period should not lead to rules other than Solvency I being used to determine capital requirements. Interim measures should not lead to a de-facto implementation of Solvency II before it becomes legally enforceable.

We look forward to engaging with EIOPA as work on the guidelines proceeds and would welcome the opportunity to meet with you to provide further input.

Yours sincerely,

Olav Jones

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