Press Release

24 August 2015

Insurers on track with Solvency II implementation

However, last minute additional requirements from supervisors causing serious concerns

Europe's insurers are making significant progress towards implementing Solvency II by the end of this year. However, many are extremely concerned about the pressure which insurers face due to additional last minute requirements that are being imposed in the run-up to the regime coming into force, according to a survey conducted by Insurance Europe.

The survey, which covered companies that account for 90% of European insurance premiums, found that a clear majority of firms were making good progress in implementing the first two pillars of Solvency II. It also revealed that the majority of insurers feel that risk management and governance have already been improved as a result of the introduction of the new regime.

However, many respondents were concerned that the final version of the Quantitative Reporting Templates (QRTs), which insurers need to comply with the third pillar of Solvency II, will only be adopted by the European Commission in September this year, just four months ahead of when the new regime comes into force.

Igotz Aubin, head of prudential regulation at Insurance Europe, commented: "It is extremely encouraging to see that Europe's insurers have made such substantial progress in their journey towards implementing Solvency II, especially given that this task has been completed during a particularly challenging time for the industry. However, this survey has also revealed a number of serious issues that need to be acknowledged."

Concerns include:

- Most national supervisors intend to fully comply with approximately 700 guidelines issued by the European Insurance and Occupational Pensions Authority (EIOPA), often on its own initiative. These guidelines add around 1100 pages to Solvency II and, consequently, significantly increase the implementation burden which insurers face.
- Work to comply with further additional requirements set by member states, which augment Solvency II, is slowing down the implementation process, with several respondents reporting that their member state is "gold plating" Solvency II when transposing it into national law.
- Due to the volume of items that require approval from supervisors under Solvency II, a flurry of applications for approval could be submitted at a time when supervisors' resources are already stretched.
- Extensive documentation requirements are delaying the approval process of internal models, with nearly all respondents warning that supervisors' demands in this area were too burdensome.

Aubin added: "While the industry shares the aims of Solvency II, policymakers and supervisors must also appreciate the significant burden which its implementation is placing on insurers. EIOPA and local supervisors should, therefore, avoid imposing last minute requirements and interpretations which add to that obligation."

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Notes for editors

1. For further information, or to be added to our mailing list, please contact Richard Mackillican, policy advisor communications & PR (tel: +32 2 894 30 69, mackillican@insuranceeurope.eu).
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