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Our  
reference: ECO-SLV-15-143

Subject: Insurance Europe comments on EIOPA Implementing Technical standards and Guidelines Set 2

Brussels, 2 March 2015

Dear Gabriel,

Insurance Europe welcomes the opportunity to provide comments on the second set of Implementing Technical Standards (ITS) and Guidelines for the implementation of the Solvency II Directive, and remains committed to continuing a constructive dialogue with EIOPA as final preparations are made for Solvency II.

Reviewing and commenting on this very extensive consultation which included many templates and over 1600 pages has been a real challenge for the industry at a time when it is already extremely busy with the implementation of Solvency II. It has also most likely been challenging for all other stakeholders too. Insurance Europe recognises that EIOPA aims to establish robust reporting requirements and harmonised implementation and has itself had a significant challenge in meeting the deadlines set by Omnibus II.

Insurance Europe has submitted detailed feedback in its responses to the consultation but would like to highlight the following important general comments relating to the ITS.

- **The fact that the reporting package will be finalised so late in the process of getting prepared for Solvency II is a major issue.** Therefore, changes in the final QRTs compared to the interim reporting ones will lead to an increase in operational costs and potentially delay Pillar III implementation. **Insurance Europe urges EIOPA to minimise additional requirements and changes relative to those companies will have implemented for interim reporting.**
- Bringing forward reporting deadlines is particularly expensive and difficult to achieve given the already significant acceleration Solvency II has required. **The proposed financial stability reporting timeline and requirements are not considered realistic and Insurance Europe requests that EIOPA does its utmost to limit the need for faster reporting for financial stability purposes.**
- The industry strongly believes that **reporting during the Preparatory Phase and 2016 should be on a best efforts basis with gaps and simplifications permitted.** It would be helpful to understand what areas regulators would like insurers to prioritise and focus on. Insurance Europe requests that EIOPA and supervisors consider that simplifications/gaps will be permitted over the course of 2016 and what relevant process would be appropriate to make decisions in this respect.
- **Insurance Europe asks EIOPA to limit further changes to the templates** once the final version will be issued in June 2015, and if changes are needed to **introduce them, after consultation, on a periodic and predictable basis with appropriate time for implementation** (for example, as part of a regular bi-annual update with at least 12 months for implementation).

The industry recognises the important role that guidelines will play in helping to ensure Solvency II meets the harmonisation objectives set by the Directive. The industry therefore understands and appreciates that EIOPA has proposed guidelines under their own initiative in addition to the very limited number required by the Level 1 text. The majority of the proposed combined text – draft guidelines and supporting explanatory text – has the potential to provide useful information for companies and supervisors. **However, as Insurance Europe highlighted in its comments, the number of guidelines proposed in this consultation (180) is excessive and should be reduced.**

On the guidelines Insurance Europe has the following key comments:

- **Avoiding inappropriate guidelines is very important** as each guideline creates a cost for supervisors, the industry and for policyholders and adds to an already very challenging implementation time-table.
- As a general principle, therefore, **Insurance Europe believes that the guidelines required at the launch of Solvency II should be limited** to material which is essential to ensure appropriate levels of harmonisation across Europe.
- **Insurance Europe believes that it should be made clear for each guideline which Level 1 or Level 2 article(s) it applies to.** This would also help to clarify if the guideline is indeed required. It is currently often not clear which specific point a draft guideline is aiming to harmonise.
- Following EIOPA's comments published in its Final Report on Public Consultation No. 14/017 on "Guidelines on system of governance" EIOPA-BoS-14/25, Insurance Europe also wants to stress that undertakings should not be requested to abide by the explanatory text as part of EIOPA's guidelines since this would generate further operational costs. Instead, **it should be made clear that explanatory texts are not guidelines** but rather are used to provide examples and as a basis for mutual understanding and further open dialogue between undertakings and their supervisors.

Given the very large scope of these consultation, the significant feedback EIOPA is likely to get from stakeholders and the importance, especially given the very short time remaining for implementation, that the final ITS and guidelines that work as intended, **Insurance Europe recommends that EIOPA holds a series of stakeholder workshops to:**

- **Continue the dialogue on reporting requirements before finalising the ITS related to the RSR, SFCR and Financial Stability Reporting.** The industry believes that having such workshops is important for EIOPA to continue gaining an understanding from operational issues related to reporting and to discuss possible way forward to ensure the success of companies when delivering reporting requirements.
- **Achieve consensus on the guidelines needed at launch of Solvency II and on appropriate improvements to the wording of these guidelines as well as on the most important parts to be kept as explanatory text.**

EIOPA held a workshop last summer on Internal Models and Insurance Europe believes this was found by all parties to be a very useful and efficient way of dealing with a great deal of feedback and ensuring high quality outcomes.

Finally, **Insurance Europe welcomes EIOPA's commitment to review the ITS and guidelines in light of experience.** The impact will only become clear during and following implementation. This is another reason to keep the guidelines at launch of Solvency II to a minimum but also means that close monitoring and follow up on unintended consequences and costs is very important.

Insurance Europe remains at your disposal to discuss any of our feedback.

Yours sincerely,



Olav Jones  
Director Economics & Finance / Deputy Director General