

## IORP II dialogues offer opportunity to safeguard members and beneficiaries

The upcoming dialogue discussions on the revised directive on Institutions for Occupational Retirement Provision (IORP II) between the European institutions provide an important opportunity to ensure appropriate safeguards for IORPs' members and beneficiaries, according to Insurance Europe, the European insurance and reinsurance federation.

IORPs play an important role in providing retirement income to workers. Therefore, it is important that IORP II offers a high standard of protection for IORPs' members and beneficiaries. Currently, the regulatory treatment of IORPs differs significantly across Europe. This means that the resilience of IORPs in different member states also varies. Because both the current directive (IORP I) and the proposal for IORP II do not address these differences, it is important that IORPs' cross-border activities are fully-funded at all times.

Nicolas Jeanmart, head of personal insurance, general insurance & macroeconomics at Insurance Europe, said: "This will guarantee a high level of protection for members and beneficiaries, even when a foreign IORP — which is subject to the prudential rules of another member state — manages their pension promise. It will also prevent the transfer of risks to other countries and limit the risk of regulatory arbitrage between the different prudential rules applicable to IORPs."

A longer transitional period should also be granted to markets where the option set out in article 4 has been implemented. This provision allows insurers to manage occupational pension schemes according to IORP rules, provided that they ring-fence their business. Moving to a different framework (Solvency II) is a lengthy, complicated and costly process that needs to be amortised over a long period, i.e. well beyond 2022, as currently envisaged.

Jeanmart added: "Another important point is the information given to prospective and existing members and beneficiaries. Insurance Europe believes that people should be fully aware of the risks they bear, including in the pre-enrolment phase. In particular, all the conditions linked to pension promises (e.g. soft or hard guarantees) should be clearly disclosed, given that IORPs might be allowed to reduce pension benefits in particular cases."

It is important for information requirements to be principle-based, so that they are able to respect national rules and traditions. In many member states, pension information is already provided through a variety of means, in line with local practices and the design of national pension systems.

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### Notes for editors

1. The dialogues begin on February 29.
2. For further information, to request a media interview 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).
3. You can also receive updates from Insurance Europe, sign-up [here](#) or by following us on Twitter @InsuranceEurope.
4. Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is



## Press statement

February 25 2016

based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of almost €1 170bn, employ over one million people and invest nearly €9 900bn in the economy.