

## Insurance Europe welcomes impact study on the review of the IORP Directive

### *Responds to EIOPA consultation on draft specifications for the study*

*Brussels, 31 July 2012:* Insurance Europe fully supports the commitment by the European Insurance and Occupational Pensions Authority (EIOPA) to carry out a thorough quantitative impact study (QIS) on the review of the EU Institutions for Occupational Retirement Provision (IORP) Directive. Today it submitted a detailed response to EIOPA's consultation on the draft technical specifications for the QIS, which is expected to be launched in October.

The main objective of the QIS will be to test whether EIOPA's proposed approach of capturing the existing diversity in occupational pension systems in a "holistic balance sheet" achieves the European Commission's aim of further aligning the prudential regulation of insurance companies and pension funds.

Insurance Europe welcomes EIOPA's proposal to take the principles of the forthcoming insurance regulation, Solvency II, as the benchmark for the regulation of occupational pensions, while still recognising the specific characteristics of pension funds, such as sponsor covenants. EIOPA's approach would calculate capital requirements based on the economic balance sheet used in Solvency II, but would also take into account the security and adjustment mechanisms of IORPs.

"It is important to thoroughly test the applicability of the Solvency II principles to IORPs, taking appropriate account of any economically significant differences between different providers," said Michaela Koller, director general of Insurance Europe. "We therefore consider the quantitative impact study to be a necessary step in the process of reviewing the IORP Directive."

In its response to the EIOPA consultation, Insurance Europe proposes practical solutions to some of the challenges stemming from the large variety of pension schemes in EU member states, which makes it difficult to calibrate and fine-tune the technical specifications of the holistic balance sheet approach.

The details of the Solvency II regulatory framework are still being finalised. One of the key outstanding issues relates to the treatment of long-term guarantee products and is relevant to both insurance companies and pension funds. "Appropriate solutions have to be found for these fundamental issues and these solutions should then be applied consistently in the Solvency II Directive and the IORP Directive," said Koller.

If these solutions can be solved in both Directives, Insurance Europe believes that EIOPA's proposed approach will ensure a level regulatory playing field for insurers and pensions funds and will lead to equal protection for both the beneficiaries of IORPs and the policyholders of insurers that provide occupational retirement provision.

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Link: [Insurance Europe response to EIOPA consultation](#)



#### Background

The current regulatory framework for occupational pensions in the EU varies depending on the country and on the provider of the scheme. One of the key initiatives in the European Commission's February 2012 White Paper on Pensions was a review of the Institutions for Occupational Retirement Provision (IORP) Directive. The key objective of the review is to create a true single market for occupational pensions in the EU that guarantees adequate levels of protection for all beneficiaries. The European Insurance and Occupational Pensions Authority (EIOPA) responded to the EC's call for advice on a review of the IORP Directive in February 2012.

#### Notes for editors

1. For further information please contact Janina Clark, head of communications & PR (tel: +32 2 894 30 70, [clark@insurancееurope.eu](mailto:clark@insurancееurope.eu)).
2. Copies of all Insurance Europe press releases are available on the Insurance Europe website ([www.insurancееurope.eu](http://www.insurancееurope.eu)).
3. 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 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 100bn, employ nearly one million people and invest around €7 700bn in the economy.