

To: Mr Klaus Wiedner
Head of Unit D4 - Insurance and Pensions
Financial Stability, Financial Services and Capital Markets Union Directorate-General
European Commission

Your
reference:
Our
reference: ECO-SLV-15-087

Subject: **Solvency II – Insurance Europe view on the Delegated Act published in the Official Journal**

19 February 2015

Dear Klaus,

On 17 January 2015 the Solvency II Delegated Act was published in the Official Journal of the European Union. This was an important, and very welcome, step forward in the implementation of Solvency II in 2016. Given the very ambitious timetable for the implementation of Solvency II, a timely adoption of the delegated Regulation on Solvency II was indispensable to allow insurers, as well as supervisors, for a sound and sensible preparation.

To continue this process, the completion of the work of regulators and supervisors is essential to give the insurance industry clarity in time for internal model or other approval submissions, and also for business planning purposes more generally.

Given the range of issues and necessary improvements already identified by the industry, Insurance Europe believes it is important that the review process begins right away, especially since new issues and shortcomings are likely to arise during the implementation process. Postponing these discussions to the foreseen review process in 2018 will lead to unnecessary efforts. Moreover, these improvements are key to ensuring that the political objectives of Solvency II are met, and to avoiding unintended consequences, such as creating barriers for long-term investment.

Insurance Europe envisages the following process as a way to ensure all issues are addressed:

1) A limited and specific set of issues would need to be dealt with as quickly as possible because they are part of the barriers impacting the success of the Juncker Investment Plan.

- In Insurance Europe's view, such issues include the creation of infrastructure as an asset class, the refinement of definition of high quality securitisations, and related calibrations.
- While Insurance Europe recognises that EIOPA may have a role to play in providing input, it is important that overall responsibility for this work remains with the Commission.

2) Generally, Insurance Europe believes that other issues could be addressed through the review process built into Solvency II culminating in a review no later than 2018.

- Insurance Europe seeks further clarity on the process and timing for this review process which it believes should be planned in stages to ensure all appropriate areas can be covered by 2018.
- Insurance Europe sent a letter to you in March 2014 highlighting its 8 priority areas. While some welcome improvements were made, these were very limited and almost all of the concerns raised in the letter remain unaddressed in the final Delegated Act.

3) Significant new errors, unintended consequences and implementation issues should however be looked at as they arise and the Commission should consider if/how they could be addressed in the short term without assuming all issues can wait until the "2018 review".

- Insurance Europe has started to compile a list of errors identified so far in the final Delegated Act.



Insurance Europe would appreciate understanding the extent to which this aligns with your intended approach, and looks forward to discussing these elements with you and your team in more detail in the coming weeks. Insurance Europe continues to commit to delivering Solvency II on 1 January 2016, and to provide its support during its operation to ensure it works as intended.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Olav Jones", is written over a horizontal line.

Olav Jones
Deputy Director General