

# CEIOPS

Committee of European  
Insurance and Occupational  
Pensions Supervisors

ANNUAL REPORT 2008  
AND WORK PROGRAMME 2009



ANNUAL REPORT 2008  
AND WORK PROGRAMME 2009

# TABLE OF CONTENTS

1	Foreword from the Chairman .....	6
2	Message from the Secretary General.....	8
3	CEIOPS overview.....	10
	★ Introduction.....	10
	★ Managing Board.....	11
	★ Members' Meetings .....	12
	★ CEIOPS Consultative Panel.....	13
	★ CEIOPS permanent committees and expert groups .....	14
	★ CEIOPS Secretariat .....	16
4	Accountability, transparency and consultation .....	18
	★ Introduction.....	18
	★ CEIOPS Consultative Panel.....	18
	★ CEIOPS public consultations.....	19
	★ CEIOPS public hearings .....	21
	★ CEIOPS conference.....	21
	★ CEIOPS website.....	22
	★ CEIOPS and the political institutions .....	22
5	Insurance.....	24
	★ Solvency II – overview.....	24
	★ Fourth Quantitative Impact Study (QIS4) .....	27
	★ CEIOPS contribution to the European Commission's impact assessment of Level 2 measures.....	32
	★ Solvency II: Pillar 1 and internal models.....	32
	★ Pillar 1 .....	32
	★ Internal models .....	34
	★ Solvency II: Pillar 2 and Pillar 3.....	35
	★ Supervisory Review Process and reporting .....	35
	★ Supervisory Review Process and risk assessment framework...	35
	★ Reporting requirements .....	36
	★ Common reporting formats.....	36





	★ Governance and risk management.....	36
	★ Own risk and solvency assessment.....	37
	★ Capital add-ons.....	37
	★ Special purpose vehicles.....	38
	★ Insurance Groups.....	38
	★ Equivalence.....	40
6	Occupational Pensions.....	42
7	Financial stability.....	46
8	Supervisory culture, convergence and co-operation.....	50
	★ Supervisory culture and convergence.....	50
	★ CEIOPS Review Panel.....	52
	★ CEIOPS decision-making.....	53
9	Consumer protection.....	54
IO	Other activities.....	56
	★ Accounting.....	56
	★ International relations.....	57
	★ IAIS, IOPS and the IASB.....	57
	★ Regulatory dialogues.....	57
II	Cross-sector work.....	60
	★ Co-ordination and convergence of practices.....	60
	★ 3L3 Work on financial conglomerates.....	65
	★ Common supervisory culture – 3L3 training.....	66
I2	2009 Work Programme – summary.....	68
A	Annexes.....	74
	★ A 1: CEIOPS role in the Lamfalussy procedure.....	74
	★ A 2: Financial statements.....	75
	★ A 3: ECOFIN roadmaps.....	76
	★ A 4: List of CEIOPS Members and Observers.....	82
	★ A 5: Abbreviations of terms used.....	87
	★ A 6: Endnotes.....	89

# I

## FOREWORD BY THE CHAIRMAN

Welcome to CEIOPS 2008 Annual Report.

These have been extraordinary times for the financial sector.

In the insurance and occupational pensions supervisory sectors, we have had to adjust to fast-moving events. Our former, sector-specific focus assumed a multiple sector dimension, extending beyond the European Union (EU), to encompass, more strongly than before, global factors.

CEIOPS also featured in the February 2009 Report of the High-Level Group on Financial Supervision in the EU, chaired by Jacques de Larosière. The Report was welcomed by CEIOPS.

The 2008 Annual Report, in addition to focusing on the CEIOPS' Work Programme for 2008, takes into account the Conclusions endorsed by the EU Council of Ministers (ECOFIN) during 2008 and the various EU and G20 political recommendations in response to the intensifying financial crisis. In addition to constituting the framework for CEIOPS' reporting on 2008, these Conclusions/Recommendations are also reflected in the CEIOPS Work Programme for 2009. Sector-specific and cross-sectoral activities carried out jointly with our sister committees – the Committee of European Banking Supervisors (CEBS) and the Committee of European Securities Regulators (CESR) – are also incorporated in this Annual Report. Our deliveries are the mark of our progress, both achieved and ongoing.

**Thomas Steffen**  
CEIOPS Chairman,  
Bafin, Germany



The intensity of CEIOPS' work and the corresponding outcomes are clearly reflected in this Report. I invite you to assess these and to provide us with your comments.

CEIOPS, as a committee, exists by virtue of others – our Members, Observers, Expert Groups, EU political institutions, and stakeholders. Your input is vital in enabling CEIOPS to continue to fulfill our objectives and meeting our targets.

Thank you for your interest.

A handwritten signature in blue ink, which appears to read 'h. Steffen'.

Thomas Steffen

# 2

## MESSAGE FROM THE SECRETARY GENERAL

The period since CEIOPS' last Annual Report is believed to be without precedent. Financial businesses and markets passed from difficulties, through troubles, then turmoil, and finally into crisis. The only consensus seems to be that the crisis may not be over for some time.

Our efforts have had to reflect the speed and depth of developments. Our daily activities were re-directed, our planned future work re-framed and additional unplanned work constantly reflected in CEIOPS' evolving work programme.

I am pleased and proud to say that CEIOPS generally managed to keep up with growing political and industry demands within the context of the gathering financial storm, then with providing necessary input sought after the storm's manifestation. Our expert contributions have been remarkable, as Members have balanced the simultaneous and exacting demands arising at an EU level, with national responsibilities.

The rapidly growing requirements directed at supervisory authorities often appeared unsustainable. In the face of such demands, CEIOPS re-prioritised, temporarily deferred, balanced, re-drafted, and delivered. Our Members shared experiences to aid crisis efforts. We learned much from each other, discovering the true value of a Level 3 Committee.

To be CEIOPS Secretary General through this period might appear a mixed blessing. In fact, leaving aside the high cost to so many economies and financial institutions, it has been fascinating. My Secretariat colleagues and I have found ourselves at the centre of many crisis-driven initiatives. Like Secretariat colleagues in other financial organisations, we have worked longer and harder than ever before.

Carlos Montalvo Reuelta

CEIOPS Secretary General

DGSFP, Spain



I must thank my colleagues at the Secretariat and all CEIOPS Members and Observers for their positive responses and unstinting efforts. Our good working relationships have lasted. It is those relationships which have produced the results set out in this Report. Here, you can read the detail behind my comments. You should find it readily identifiable and specific. We hope you are informed and encouraged.

A handwritten signature in blue ink, consisting of stylized cursive letters, underlined with a single horizontal line.

Carlos Montalvo Reuelta



# 3

## CEIOPS OVERVIEW

### ★ Introduction

Throughout 2008, CEIOPS' internal organisation and its legal framework remained largely unchanged. CEIOPS' founding documents and constitution maintain its identity as a German-registered, private, non-profit organisation, based in Frankfurt am Main.

There was only one change to CEIOPS' membership in 2008 as the newly established Greek Private Insurance Supervisory Committee (P.I.S.C.) replaced the Greek Ministry of Development (Directorate of Insurance Undertakings) in January 2008.



**Thomas Steffen**  
(BaFin, Germany) Chair



**Peter Braumüller**  
(FMA, Austria) Vice-Chair



**Csaba Varga**  
(PSZAF, Hungary)

The CEIOPS' Articles of Association were modified to introduce Qualified Majority Voting (QMV), in order to implement the ECOFIN Council conclusions of December 2007.

The revised European Commission Decision establishing CEIOPS was published in the Official Journal on 23 January 2009.<sup>1</sup> The revised Decision reflects the evolution of CEIOPS activities introducing an enhanced focus on supervisory convergence and cross-sector work.

## ★ Managing Board – 2008

All CEIOPS Managing Board members continued in office throughout 2008 together with Antoine Mantel as CEIOPS' internal auditor.

The Managing Board met eight times during 2008 and held additional telephone conferences in order to respond to the developing financial crisis and the rapidly growing demands on CEIOPS.



**Giovanni Cucinotta**  
(ISVAP, Italy)



**Klaas Knot**  
(DNB, The Netherlands)



**Hector Sants**  
(FSA, United Kingdom)



**Antoine Mantel**  
(ACAM, France)

## ★ Members' Meetings – 2008

The CEIOPS Members' Meeting is its main decision-making body. It consists of senior representatives of CEIOPS Member Authorities.

Four Members' Meetings were held in 2008, the key decisions taken during which, are outlined below:

Frankfurt, 18 February 2008	★ Approval for public consultation of draft advice on the implementation of the proportionality principle.
	★ Approval for public consultation of draft advice on insurance groups supervision.
Frankfurt, 26/27 March 2008	★ Establishment of the Committee on Consumer Protection.
	★ Endorsement of CEIOPS' Convergence Roadmap.
	★ Approval of the report on the implementation of the institutions for occupational retirement provision Directive (IORP Directive), for submission to the European Commission.
Rome, 22/23 May 2008	★ Approval of the survey on funding, technical provisions and security mechanisms in the European occupational pensions sector, for submission to the European Commission.
	★ Approval of amendments and changes to CEIOPS' Articles of Association to introduce Qualified Majority Voting (QMV).
	★ Endorsement of the Review Panel's protocol and methodology for peer reviews.
	★ Approval of advice to the European Commission on the implementation of the proportionality principle.
	★ Approval of advice to the European Commission on insurance groups supervision.
Frankfurt, 27/28 October 2008	★ Approval for public consultation of an Issues paper on Own Risk and Solvency Assessment (ORSA).
	★ Approval of report on Quantitative Impact Study 4 (QIS4) for Solvency II project.
	★ Approval for public consultation of an Issues paper on the System of Governance.
	★ Approval of a Report on Outsourcing by IORPs.
	★ Endorsement of the revised Luxembourg Protocol relating to the Co-operation of the Competent Authorities of the Member States of the European Union, in particular concerning the application of Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on Insurance Mediation.

## ★ CEIOPS Consultative Panel

CEIOPS Consultative Panel constitutes an essential mechanism for ensuring CEIOPS' accountability and transparency and is a valuable source of impartial comment, advice and guidance on CEIOPS policy-making process. The Consultative Panel reviews CEIOPS' work programme and its contribution to the collective work programme of the three Level 3 Committees (3L3).

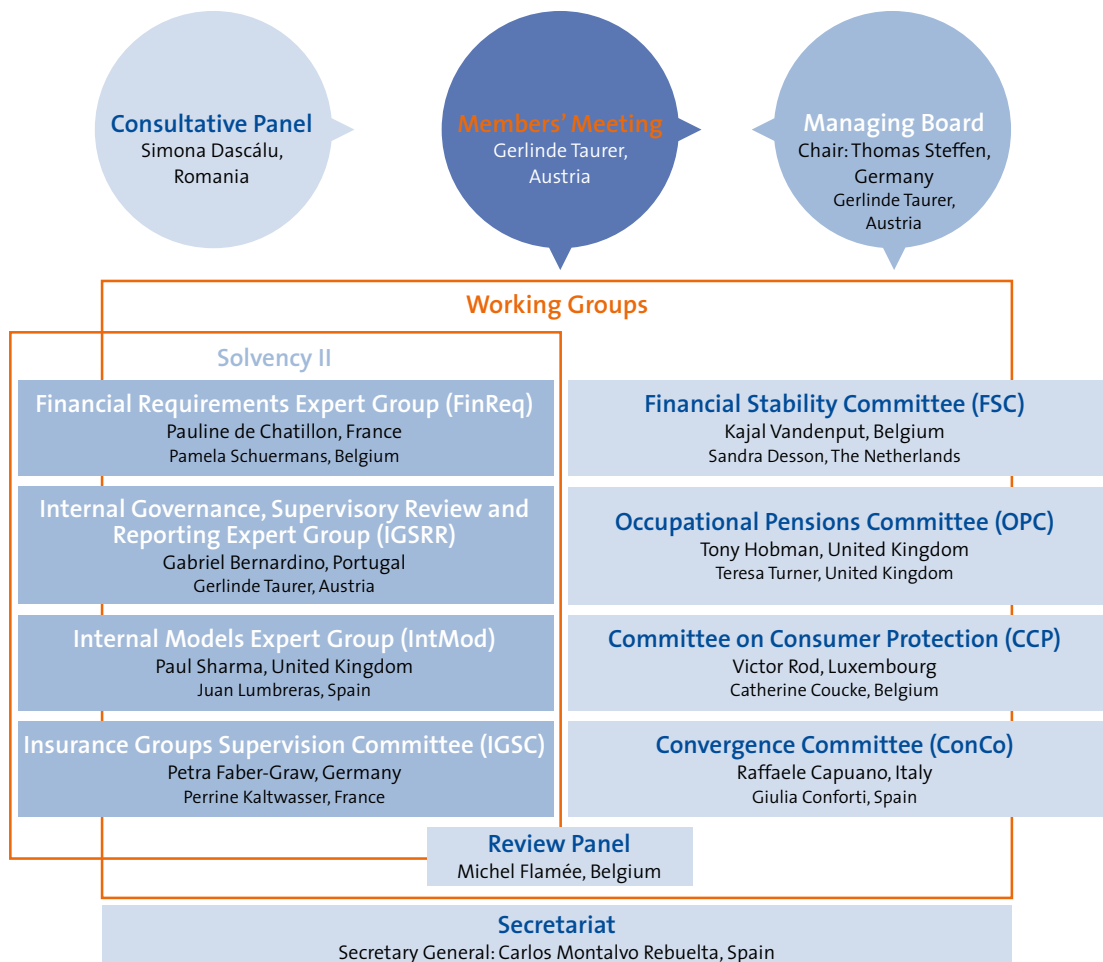
The composition of the Panel in 2008 was as follows:

Members	Country	Proxies	Country	Organisation
De la Martinière, Gérard (Chairman)	FR	–		
Bogner, Hannes	AT	Corinti, Alberto	IT	CEA
Bonnet, Yannick	FR	Paakkanen, Markku	FI	AMICE
Caneparo, Kirstie	UK	Pope, Pim	NL	CEA
Carty, Paul	IE	Hough, David	UK	BIPAR
Creedon, Seamus	UK	Goossens, Karel	BE	GCAE
Gabellieri, Bruno	FR	Borgdorff, Peter	NL	AEIP
Geib, Gerd	DE	Ellenbürger, Frank	DE	FEE
Hitchen, Chris	UK	Peaple, Nigel	UK	EFRP
Kalpala, Asmo	FI	Pozniak, Gregor	AT	AMICE
Lourdelle, Henri	FR	–		ETUC
Maassen, Jaap	NL	Verhaegen, Chris	BE	EFRP
McAteer, Mick	UK	Fily, Anne	FR	BEUC
Plas, Patricia	BE	Lempertseder, Robert	DE	CRO Forum
Seganti, Federica	IT	Nagy, Csaba	HU	
Stephens, Jim	UK	–		Business Europe
Wehling, Axel	DE	Gladysz, Andrej	PL	CEA



## ★ CEIOPS permanent committees and expert groups

Most of CEIOPS work is carried out through CEIOPS' permanent committees and expert groups, which provide briefing and recommendations for the Managing Board, Members and Observers, as well as external stakeholders. They also contribute significantly to CEIOPS' main task of providing technical advice to the European Commission on the preparation of EU legislation in the fields of insurance, reinsurance and occupational pensions. Their Chairs regularly represent CEIOPS at external events publicising and explaining their work.



In March 2008, CEIOPS established the Committee on Consumer Protection whose terms of reference cover a broad spectrum of consumer-related issues, including: disclosure, market conduct, general good provisions, intermediaries, financial education, the handling of complaints and insurance guarantee schemes.

In line with the ECOFIN's Recommendations on convergence, in August 2008, CEIOPS established a Review Panel. The Review Panel is mandated to monitor the implementation of supervisory provisions in EU legislation and in CEIOPS measures, as well as monitoring convergence in supervisory practices across Member States.



## ★ CEIOPS Secretariat

CEIOPS Secretariat is responsible for carrying out the day-to-day business of CEIOPS. It constitutes the administrative centre from which all CEIOPS sectoral and cross-sectoral activities are controlled.

The secretariat, in supporting CEIOPS working groups, participating in meetings of CEIOPS' governing bodies and running CEIOPS internal processes, brings together all relevant parties and ensures that CEIOPS, as an organisation, delivers successfully and on time.

From January 2008 to March 2009, the secretariat increased in number. Those who joined were Gergely Balogh (HFSA, Hungary), Juan Lumbreras (DGSFP, Spain), Fouzia



**Fouzia Ahmed**  
(FSA, United Kingdom)



**Catherine Coucke**  
(Belgium)



**Neil Alton**  
(FSA, United Kingdom)



**Federica Cameli**  
(COVIP, Italy)



**Simona Dascálu**  
(Romania)



**Sandra Desson**  
(DNB, The Netherlands)



**Perrine Kaltwasser**  
(ACAM, France)

Ahmed (FSA, United Kingdom), Perrine Kaltwasser (ACAM, France) and Simona Dascălu (Romania). Gergely Balogh left CEIOPS Secretariat during the year. Federica Cameli returned to her home authority (COVIP) in Italy at the end of 2008 but continues to support CEIOPS Convergence Committee.

**Carlos Montalvo Reuelta**

(Secretary General, DGSFP, Spain)

**Gerlinde Taurer**

(Deputy Secretary General, FMA, Austria)



**Sunni Holtman**

(DNB, The Netherlands)

**Juan Lumbreras**

(DGSFP, Spain)

**Giulia Conforti**

(Spain)

**Tanja Leimbach**

(Germany)

**Pamela Schuermans**

(CBFA, Belgium)

**Teresa Turner**

(The Pensions Regulator, United Kingdom)



# 4

## ACCOUNTABILITY, TRANSPARENCY AND CONSULTATION

### ★ Introduction

CEIOPS is an independent EU Level 3 Committee within the Lamfalussy structure, made up of Member supervisory authorities competent for the supervision of insurance and reinsurance undertakings and/or occupational pensions. Its guiding principles are independence, accountability and transparency.

Consultation and transparency are essential elements of CEIOPS' functioning within the "Lamfalussy process" (see Annex 1). The creation of a robust regulatory framework for supervision and the adoption of effective supervisory practices rely on a comprehensive knowledge of the market and the sharing of the regulatory and supervisory knowledge and experience.

CEIOPS' accountability to its Members, stakeholders and the European Commission is fulfilled through an open and transparent dialogue, exchange of views, information sharing, consultation, public hearings and regular reporting on progress and achievements. The results of CEIOPS' work are made publicly available on its website, subject only to confidentiality restrictions.

Following the Lamfalussy review and in line with the revised Decision establishing CEIOPS, the Committee now has clear reporting obligations towards the EU political institutions – the European Parliament, the ECOFIN and the European Commission.

### ★ CEIOPS Consultative Panel

The Consultative Panel is the main mechanism through which CEIOPS is held accountable to its stakeholders. The Panel (which meets three times a year) reviews and advises on CEIOPS' work programme and its contribution to cross-sector (3L3) activities. Information on CEIOPS' projects is shared, progress discussed and views and opinions sought on proposed solutions.

Three formal meetings were held during 2008 under the chairmanship of Mr. Gérard de la Maritinière, whose term of office was extended in May 2008. The key issues discussed during the course of the meetings, included:

February 2008	revised Consultative Panel Charter, feedback on QIS4, CEIOPS' Work programme for 2008
May 2008	CEIOPS' report on the implementation of the IORP Directive, consumer protection issues, CEIOPS' Convergence Roadmap
September 2008	CEIOPS' Work programme for 2009, 3L3 Work Programme for 2009, Review Panel, preliminary results of QIS4

## ★ CEIOPS public consultations

CEIOPS public consultations in 2008 followed the overall trend towards increased cross-sector collaboration. Joint 3L3 consultations made up more than half of the overall consultations encompassing topics which ranged from the 3L3 medium-term work programme, to joint guidelines for the prudential assessment of acquisitions and the increase of holdings in the financial sector. Furthermore, CEIOPS and CEBS – through the Joint Committee on Financial Conglomerates (JCFC) – consulted on the recommendations on capital for financial conglomerates.

Solvency II remained the primary focus of CEIOPS' work throughout 2008. An extensive consultation programme was put in place to support the delivery to the European Commission of technical advice on Level 2 implementing measures for the Solvency II framework. In order to prepare the grounds for the formal consultation process, CEIOPS increasingly sought views from its stakeholders on an informal basis.

# 4

The following Consultation papers were published between January 2008 and the end of March 2009:

February 2008	Issues paper on the harmonisation of contents and formats for public disclosure and supervisory reporting
	General protocol relating to the collaboration of the insurance supervisory authorities of the Member States of the European Union
	Interim report on proxies
	Advice on the principle of proportionality in the Solvency II framework directive proposal (CP 24)
	Advice on aspects of the framework directive proposal related to insurance groups
March 2009	<b>Consultation papers on draft Level 2 advice</b>
	★ Consultation paper 26 – Draft Level 2 advice on Technical Provisions – methods and statistical techniques for calculating the best estimate
	★ Consultation paper 27 – Draft Level 2 advice on Technical Provisions – segmentation
	★ Consultation paper 28 – Draft Level 2 advice on SCR standard formula – counterparty default risk
	★ Consultation paper 29 – Draft Level 2 advice on own funds – criteria for supervisory approval of ancillary own funds
	★ Consultation paper 30 – Draft Level 2 advice on Technical Provisions – treatment of future premiums
	★ Consultation paper 31 – Draft Level 2 advice on SCR standard formula – allowance of financial mitigation techniques
	★ Consultation paper 32 – Draft Level 2 advice on Technical Provisions – assumptions about future management actions
	★ Consultation paper 33 – Draft Level 2 advice on system of governance
	★ Consultation paper 34 – Draft Level 2 advice on transparency and accountability
	★ Consultation paper 35 – Draft Level 2 advice on valuation of assets and “other liabilities”
	★ Consultation paper 36 – Draft Level 2 advice on Special Purpose Vehicles and
★ Consultation paper 37 – Draft Level 2 advice on the procedure to be followed for the approval of an internal model	

## ★ CEIOPS public hearings

In line with its commitment to consultation and transparency, during 2008, CEIOPS held two public hearings and one meeting with stakeholders:

February 2008	Public Hearing on Consumer Protection to give stakeholders the opportunity for direct dialogue with CEIOPS and the European Commission on a number of topics relevant to consumer protection including: information to consumers, market conduct and the handling of consumer complaints.
April 2008	Public Hearing on two CEIOPS' Consultation papers: Consultation paper 25 on insurance groups supervision and Consultation paper 24 on proportionality
October 2008	CEIOPS held a meeting with stakeholders to discuss the results of the QIS4 exercise before its official publication on 19 November 2008

## ★ CEIOPS conference

CEIOPS fourth annual Conference took place in Frankfurt on 19 November 2008, with more than 300 delegates from across Europe attending.



The opening speech by the CEIOPS' Chair made clear that, although the preparation for the next stages of the Solvency II project remained CEIOPS' primary task, its work in respect of other core issues such as occupational pensions, supervisory convergence, financial stability and consumer protection should not be underestimated.

Delegates received an update on the timeline for the adoption of Solvency II. CEIOPS was congratulated on the extensive report on the results of QIS4 – the success of which clearly demonstrated the industry's commitment to the introduction of Solvency II. The relevance of QIS4 to further work on Level 2 implementing measures was underlined.

A full Conference programme and available presentations have been published on CEIOPS website [www.ceiops.eu](http://www.ceiops.eu) under "Press Room / Speeches and Articles".



## ★ CEIOPS website

The internet is CEIOPS' main communication tool. The website provides a highly efficient tool for CEIOPS Secretariat to ensure that Members have easy access to meeting documents, while the CEIOPS Forum facilitates ongoing dialogue and the sharing of experience among CEIOPS Members.

The CEIOPS website continued to grow during 2008, both in terms of its contents and the number of visitors. The amount of information shared through the Members area also increased considerably.



## ★ CEIOPS and the EU political institutions

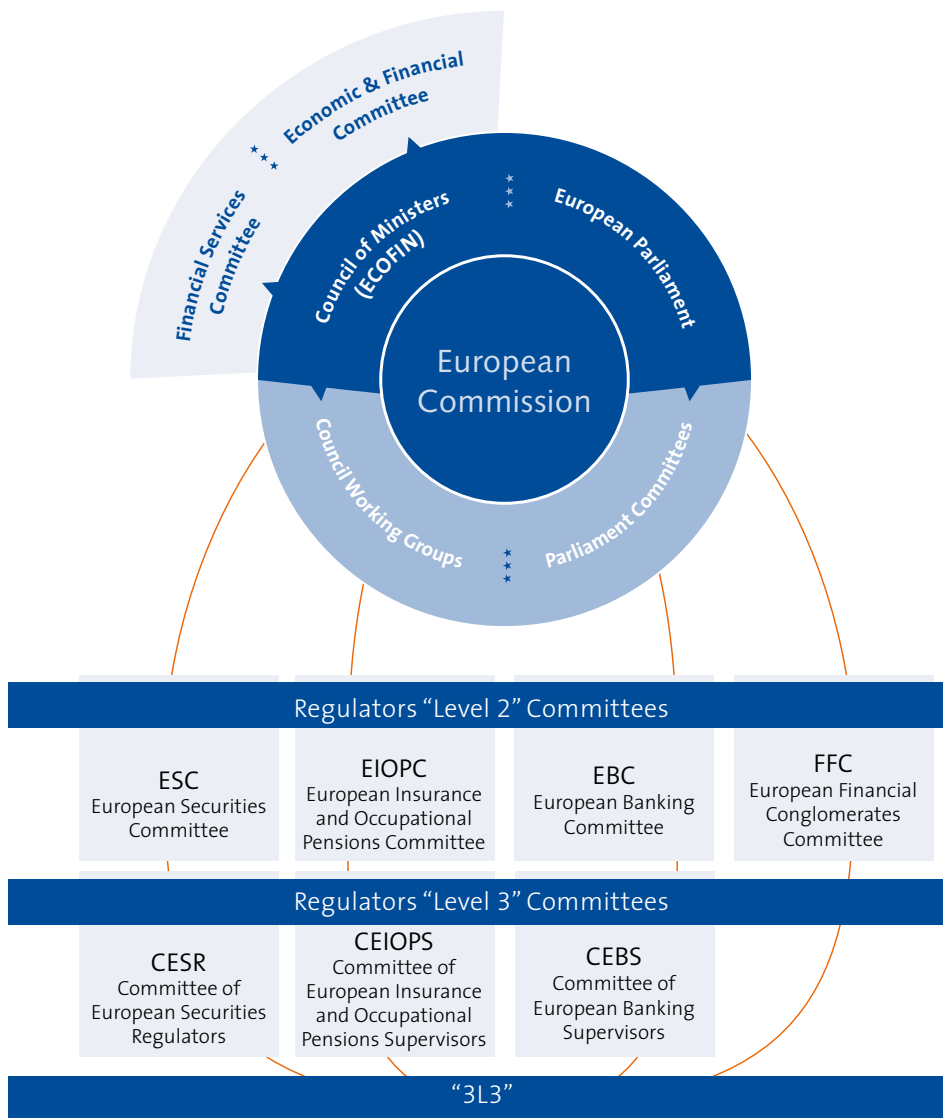
The review of the Lamfalussy process by the Inter-institutional Monitoring Group (finalised towards the end of 2007), served to increase EU political interest in the Level 3 Committees. The resulting recommendations that followed from the European Parliament, the ECOFIN and the European Commission significantly influenced the Committee's work programme, leading to the revised Decision establishing CEIOPS, the introduction of QMV in CEIOPS' decision-making process, increased emphasis on convergence and cross-sector co-operation, and a clear reporting obligation to EU political institutions. For a summary of CEIOPS' achievements against ECOFIN roadmaps, please refer to Annex 3.

The deepening financial crisis added further momentum to CEIOPS' work. CEIOPS' contribution to the Financial Services Committee (FSC) and the Economic and Financial Committee (EFC) increased considerably in 2008. CEIOPS was represented in meetings of the FSC and the EFC-Financial Stability Table (EFC-FST) and delivered various reports and updates in response to requests from the FSC and EFC.

In 2008, CEIOPS was represented at various public and private events by the CEIOPS' Chair, Managing Board Members, Working Group Chairs, Secretariat and Member delegates. CEIOPS' input extended to the delivery of speeches and presentations at, for example, official EU public hearings, receptions, conferences and seminars on subjects which encompassed the Solvency II project, occupational pensions, financial stability and consumer protection.

CEIOPS was actively involved in the European Commission’s public hearings on QIS4 specifications (February 2008) and Insurance Guarantee Schemes (June 2008). In September 2008, CEIOPS reported to the Committee on Economic and Monetary affairs (ECON) on preliminary QIS4 results in order to inform its discussions on the progress of Solvency II in advance of the formal publication of the QIS4 report in November 2008.

The financial crisis also led to the commencement, in 2008, of the review by the de Larosière Group, of the financial supervisory architecture in the EU. The Group’s report was published in February 2009. CEIOPS contributed to the review, in co-ordination with CEBS and CESR. The review process continues in 2009.



# 5

## INSURANCE



### ★ Solvency II – overview

In 2008, the Solvency II project was characterised by intense negotiations at the European political level. After the adoption by the European Commission of the Solvency II Directive Proposal on 10 July 2007, followed by the publication of an amended version on 26 February 2008, the European Council was debating the Directive proposal in dedicated working groups under the consecutive Presidency of Portugal, Slovenia, France and the Czech Republic.

The European Parliament, in ECON, scrutinised the Directive proposal as well, resulting in the publication of a draft report containing more than 800 amending proposals in June 2008.

At the end of 2008, the Council and the European Parliament were unable to reach agreement on the inclusion of a dampening mechanism for equity risk and the proposal for a group support regime under Solvency II. The negotiations in Council continued under the Presidency of the Czech Republic and the adoption of the Directive proposal is expected in May 2009.

Despite constraints imposed by the ongoing political debates and the current financial crisis, CEIOPS continues, with undiminished effort, to steer its work on Solvency II.



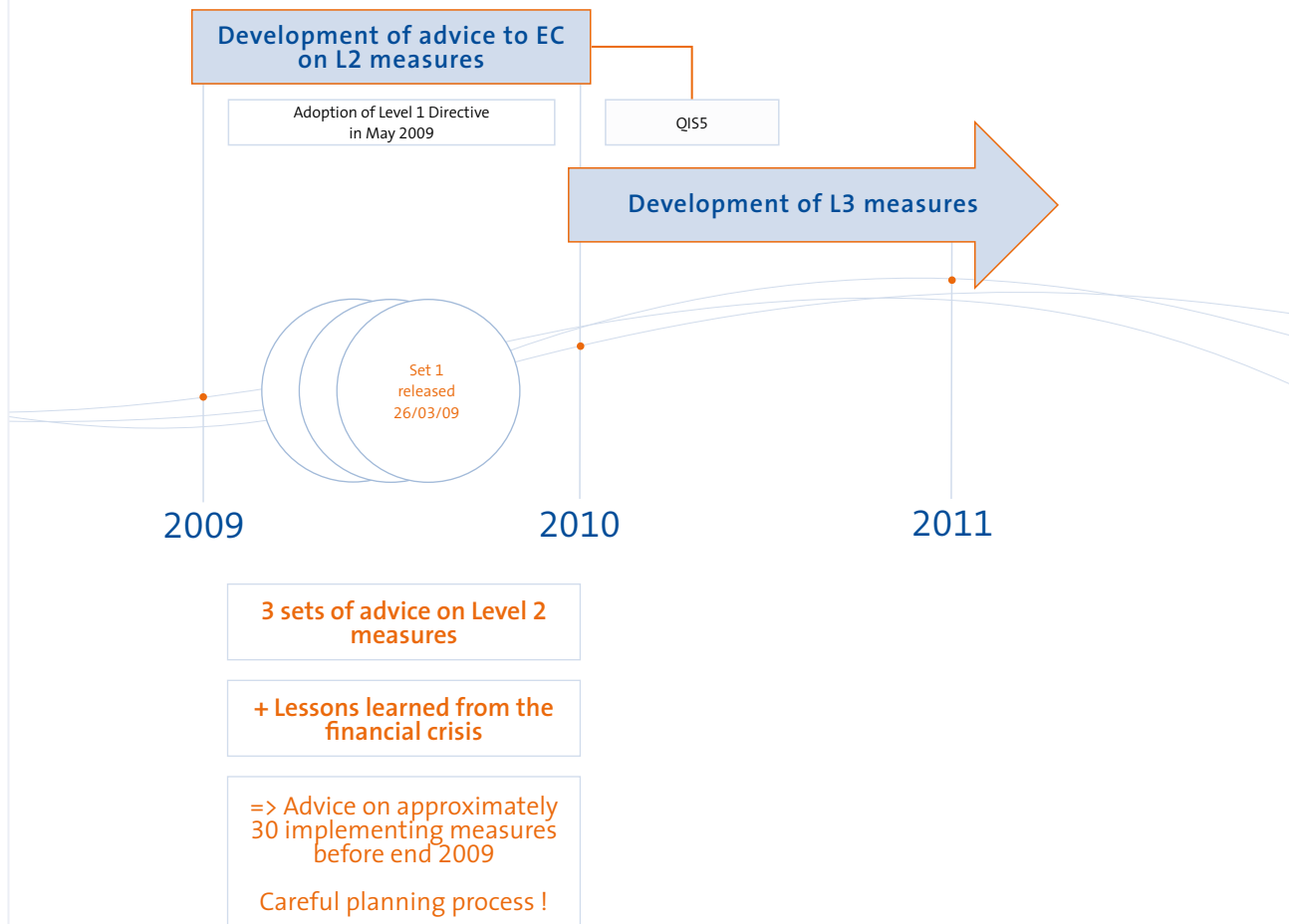
In line with the request made by the European Commission in its letter of 19 July 2007, CEIOPS will work towards the provision of final advice on Level 2 implementing measures by October 2009 and, where possible, an indication on Level 3 guidance.

To this end, the different Solvency II working groups within CEIOPS developed appropriate work programmes, which were published on CEIOPS website in December 2008<sup>2</sup>. Key aspects of CEIOPS' work in this area in 2008 include the following:

- ★ In May 2008, CEIOPS issued advice on proportionality<sup>3</sup> and on some practical measures to facilitate group supervision, in particular group support<sup>4</sup>.
- ★ To support the development of further advice on Level 2 measures, QIS4 was undertaken by CEIOPS in 2008 and a report on its findings published in November 2008.
- ★ On 26 March 2009, CEIOPS published 12 Consultation Papers containing the draft advice on future Level 2 implementing measures. These consultation papers were developed on the basis of the general approach on the Solvency II Directive proposal adopted by the ECOFIN Council on 2 December 2008 ("Level 1 text"). Two further sets of advice on Level 2 measures can be expected in July 2009 and in the Autumn of 2009.
- ★ When developing its advice on Level 2 implementing measures in the course of 2009, CEIOPS will take into account the final amendments to the Level 1 text and consider any lessons learnt from the financial crisis.

In Autumn 2008, in the context of the financial crisis and its unprecedented impact on all financial sectors, CEIOPS launched a “lessons learned” project. In carrying out this exercise, CEIOPS (through in-depth analysis of the insurance sector) identified potential areas where it could develop its advice on Level 2 implementing measures for Solvency II, to ensure the viability of Solvency II in both times of crisis and normal times. The exercise resulted in the production of a paper – “Lessons learned from the crisis – Solvency II and beyond”, which was published on the CEIOPS website at the end of March 2009<sup>5</sup>. CEIOPS will continue to report to the EU political bodies on the results of this exercise and CEIOPS working groups will include the conclusions in the development of their advice for Solvency II implementing measures and guidance.

An approximate Solvency II timeline for the coming months and years is summarised below:



## ★ QIS4

One month after delivering a report on its third quantitative impact study (QIS3) in November 2007, CEIOPS submitted to the European Commission a new set of specifications for running a fourth quantitative impact study (“QIS4”).

The objectives of this fourth exercise were specified by the European Commission in its letter of 23 January 2008.<sup>6</sup>

### Objectives of QIS4

Whilst the previous quantitative impact studies were mainly aimed at testing the soundness of the basic architecture of the Level 1 text, QIS4 focused on the design of future Level 2 implementing measures. The main objectives of QIS4 were, therefore, to:

- ★ check that the QIS technical specifications are in line with the level of policyholder protection specified in the Directive proposal (i.e. 99.5 VaR);
- ★ assess the impact on the balance sheet of insurers and reinsurers of future Level 2 implementing measures;
- ★ encourage insurers, reinsurers and supervisors to start preparing for the introduction of Solvency II;
- ★ collect quantitative and qualitative data to support the analysis of different policy options as part of the impact assessment of potential Level 2 measures.

### Consultation process

On 21 December 2007, the European Commission published the QIS4 specifications on its website for an extensive consultation ending in February 2008.

A public hearing was organised by the European Commission focusing on broad aspects of QIS4 innovations including the proportionality principle, group issues and internal models<sup>7</sup>. This event was followed by a stakeholder meeting in February 2008 to discuss technical aspects of the specifications. Representatives of CEIOPS’ Managing Board, Secretariat and working groups participated in both events.



An informal discussion on the specifications was also held with representatives of the Finance Ministries in the European Insurance and Occupational Pensions Committee (EIOPC) at Level 2.

During the consultation, CEIOPS expert groups continued to refine the specifications, which resulted in the publication on CEIOPS website of two additional background documents:

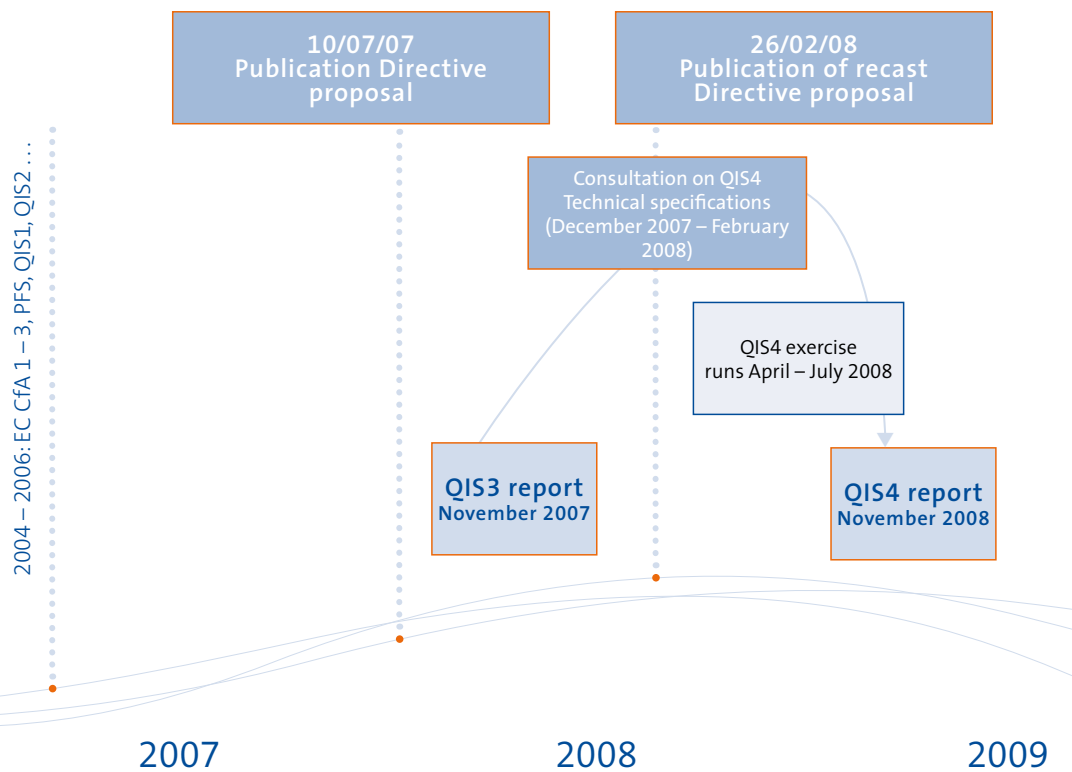
- ★ On 31 January 2008, CEIOPS issued a background document on the calibration of the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR)<sup>8</sup> as well as a paper on the definition of the reference entity for the calculation of the cost of capital.<sup>9</sup> These documents were published in April 2008, before the launch of QIS4.
- ★ In February 2008, CEIOPS developed additional advice on the QIS4 specifications with regard to the treatment of ring-fenced funds, structured credit products and catastrophe scenarios. The European Commission consulted on the content of this additional advice with key stakeholders, before deciding on the inclusion in the QIS4 technical specifications.

CEIOPS supported the European Commission throughout the consultation process, with the provision of technical advice and resolutions in response to the comments received.

On 29 February 2008, the European Commission issued a letter to CEIOPS containing guidance on key issues arising from the comments received during the QIS4 consultation. These issues included the design of the MCR, the treatment of equities, deferred taxes, participations, future premiums, hybrid capital, the choice of the risk free rate, the calibration of non-life underwriting risk and the technical specifications for groups.<sup>10</sup>

Following the consultation, the European Commission issued a summary feedback statement, accompanied by a table outlining responses received (there were in excess of 1500 comments) and the resolutions taken by CEIOPS.<sup>11</sup>

The European Commission issued a Call for Advice on 31 March 2008, requesting that CEIOPS run the QIS4 exercise between April and July 2008 and publish a report on the results of that exercise in November 2008.<sup>12</sup> The Call for Advice was accompanied by the final version of the technical specifications.



### Running the exercise

The QIS4 exercise has, to date, been the most complex and exhaustive exercise in the development of Solvency II. The study entailed challenges for all parties involved in the preparation, participation and the drafting of the final report. The design of spreadsheets, accommodating various options and increasing technical requirements, was, from CEIOPS' perspective, resource-intensive. Participants increasingly contacted CEIOPS to benefit from its questions and answers service, which involved experts from various expert groups and ultimately the European Commission, to whom CEIOPS directed the "political" questions.

To ensure anonymity and to allow for a statistical analysis at EU level, the centralised database procedure for gathering information from insurance groups was developed. Parallel initiatives by stakeholders during the exercise required the attention of CEIOPS' experts to ensure a reliable outcome for this first major exercise to assess the impact on insurance groups.

### QIS4 Results

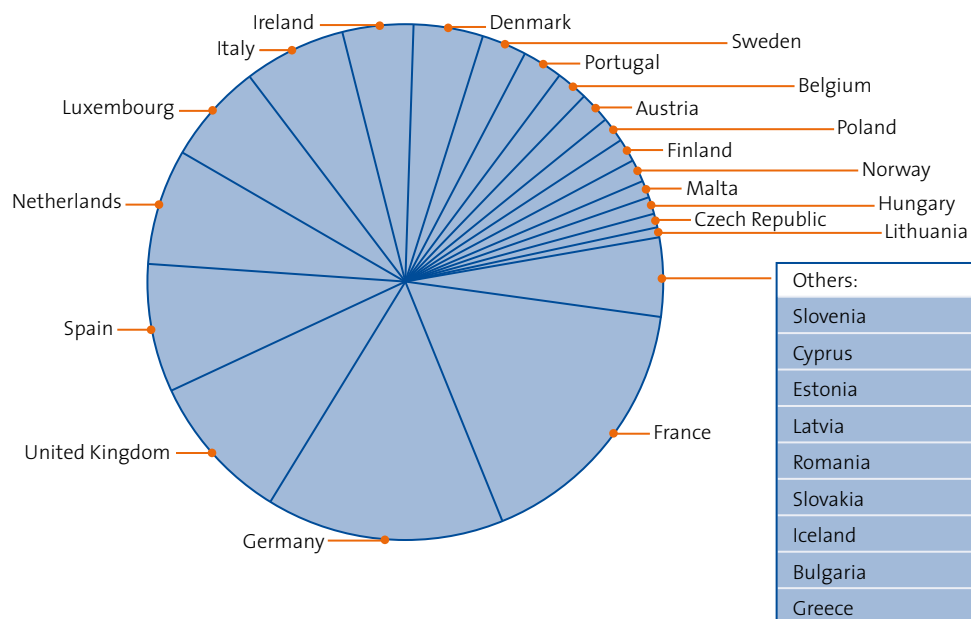
QIS4 was conducted during the negotiation of the Directive Proposal by the Parliament and the Council. To inform its discussions, ECON asked CEIOPS to deliver preliminary results on QIS4 in advance of the publication of the final report. On 22 September 2008, CEIOPS' Chair presented preliminary findings to ECON on 7 key issues:

- ★ Participation rate
- ★ MCR: functioning of the combined approach
- ★ Use of simplifications
- ★ Treatment of equity risk
- ★ Comparison between SCR results for the standard formula and internal models
- ★ Preliminary views on diversification effects for groups, and
- ★ Indication of excess own funds for groups

The final report was published on 19 November 2008.

### Conclusions of the QIS4 exercise

Considering the ambitious participation target set by the European Commission in its Call for Advice, QIS4 proved to be very successful. 34 percent of solo insurance and reinsurance undertakings and 65 percent of cross-border groups from the whole EEA area participated in the exercise, representing a market share in excess of 60 percent. A decisive factor contributing to the success of the exercise was the impressive participation rate by smaller insurers and groups.



Measured against the level of stress embedded in the QIS4 simulations, as of year end 2007, the European insurance industry appeared to be well capitalised. As was the case in QIS3, QIS4 demonstrated that the general philosophy underpinning Solvency II leads to:

- ★ a lowering of technical provisions by eliminating the implicit prudence included under the current regime;
- ★ an increase in capital requirements due to the risk-oriented approach;
- ★ an increase of total own funds following valuation adjustments and the inclusion of other elements such as hybrid capital instruments; and
- ★ the aggregated capital surplus of participating undertakings remaining fairly stable.

In the application of the principle of proportionality, QIS4 was the first exercise to test the use of simplified methods in the calculation of the SCR and the valuation of the technical provisions. The use of simplifications demonstrated that the proportionality principle has a place in Solvency II for some undertakings and on certain aspects, and, at the same time, that the standard formula seems practicable for the majority of undertakings.

In view of the political debate concerning the equity risk dampener approach, QIS4 also tested as an option, a so-called duration dampener within Pillar 1 equity risk. Also, in the equity risk module, CEIOPS tested an alternative approach to the treatment of participations. CEIOPS will undertake further work on those issues, based on the final text of the Directive.

A corridor approach to the MCR (tested in QIS4) was accepted as a workable solution and was supported by a majority of undertakings and supervisors, although some remained in favour of a linear approach. It is expected that the Directive text will specify the design of the MCR.

As for internal models, half of the undertakings participating in QIS4 answered the internal models qualitative questionnaire, and 10 percent of the undertakings also provided quantitative results. Among the respondents to the qualitative questions, almost two-thirds showed an interest in having a (partial) internal model under Solvency II. Based on the sparse quantitative results obtained, the conclusion could be drawn that an SCR (obtained through an internal model) seems to be lower than the results obtained from the standard formula calculation. Comparisons should, however, be drawn cautiously, not least because the internal models that have been tested are not yet subject to the future Solvency II standards.

Insurance Groups were extensively tested in QIS4 for the first time. However, it should also be noted that group data is, in general, subject to more caveats than the data at a single undertaking level. Diversification effects varied considerably from one group to another and depended strongly on the individual group structure. Nonetheless, at 21 percent on average, the effects appear to be significant. Diversification effects

for larger groups are greater than for smaller groups. When comparing group excess own funds under Solvency I with Solvency II results under the QIS4 assumptions, a slight increase is found. Further work is needed on transferability of assets, especially in relation to diversification effects, and particularly with respect to elements stemming from third countries and the with-profits parts of insurance groups. The absence of sufficient reported data for internal models at a group level, meant that it was not possible to assess the comparability between a group SCR measured with the standard formula and that measured with a “current” internal model.

#### Towards QIS5

The European Commission is expected to ask CEIOPS to conduct a fifth quantitative impact study (QIS5) in 2010. The aim of the exercise will be to test the advice on Level 2 implementing measures that will have been submitted to the European Commission by the end of 2009.

### ★ CEIOPS contribution to the European Commission’s impact assessment of Level 2 measures

In 2008, CEIOPS agreed to contribute to the preparation by the European Commission of an impact assessment analysis to accompany the European Commission’s proposal for Level 2 implementing measures for Solvency II. In early April 2009, the European Commission published its Call for Advice, officially asking CEIOPS to contribute to this workstream.

Over the course of 2008, the European Commission and CEIOPS agreed a list of issues and options that will be subject to a quantitative and/or qualitative impact analysis during the preparation by CEIOPS of its advice on Level 2 measures in 2009. CEIOPS will consult on both the advice and its contribution to the impact assessment.

When developing its Level 3 Guidance, CEIOPS will carry out its own impact assessment analysis.

### ★ Solvency II – Pillar 1 and internal models

#### ★ Pillar 1 issues

The QIS4 specifications and background documents formed the core of the advice on Pillar 1 issues published by CEIOPS in 2008. Building upon these technical specifications and the results of the QIS4, CEIOPS continued to develop advice on Level 2 implementing measures relevant to Pillar 1.

Seven advice papers were published for consultation in March 2009 on the consultation area of CEIOPS’ website.<sup>13</sup>



The advice covered the implementation of Level 1 principles with regard to counterparty default risk, segmentation, methodologies for the calculation of technical provisions, financial mitigation techniques, future management actions, supervisory approval of ancillary own funds and future premiums.

Further advice will be delivered in 2009, covering the valuation of the best estimate and risk margin, the determination and classification of own funds and the design and the calibration of the standard formula for the SCR and MCR.

In addition, CEIOPS published in 2008 results of a survey of CEIOPS' expert group members on the use of equalisation provisions across Member States and the impact on the insurers' and reinsurer's balance sheets.

The joint CEIOPS/Groupe Consultatif Coordination Group on Proxies (Coordination Group) continued its work on defining actuarial "best practice" for the application of proxy solutions in the valuation of technical provisions under Solvency II. This resulted in the inclusion of testing proposals with regard to proxies in the QIS4 exercise and the publication of a report on the use of proxies for the calculation of the best estimate in July 2008.<sup>14</sup> Meanwhile, work of national expert groups represented in the Coordination Group evolved to focus on more general aspects of the valuation of technical provisions in non-life insurance. A revised mandate of the Coordination Group takes into account this development.

The Coordination group was renamed the CEIOPS/Groupe Consultatif Coordination Group on Non-Life Best Estimate. The group will provide input to CEIOPS expert groups on the:

- ★ range of available actuarial methods and statistical techniques, including simplified methods and proxies;
- ★ circumstances in which individual methods could appropriately be used, having regard to the nature, scale and complexity of the risks carried by the insurer; and
- ★ standards to be met in order to ensure the appropriateness of the data used in the calculation of the best estimate.



## ★ Internal Models

In order to prepare the industry and the supervisors for the use of internal models, CEIOPS provides supervisors with a platform for the exchange of information and knowledge.

The analysis of the use of internal models in the insurance sector was an area of specific interest in the QIS4 exercise. CEIOPS' Work programme for 2008 committed CEIOPS to gathering further information on the insurance industry's experience with internal models. At the request of the European Commission, CEIOPS carried out a stock-taking exercise on the current practices of the insurance and reinsurance industry with regard to internal models. To this end, CEIOPS closely examined presentations given by insurance companies, supervisors, rating agencies, consultants and designers of vendor models. Following this exercise, CEIOPS published, in January 2009, a report on the use of Internal Models in Insurance.<sup>15</sup> The report, together with the information gathered from pre-visits to undertakings in 2009, will form the basis for CEIOPS' advice on Level 2 implementing measures, to be provided by October 2009, and for future Level 3 standards and guidance.

In March 2009, CEIOPS released its first Consultation paper on the procedure to be followed for the approval of an internal model.<sup>16</sup> Specifications relating to the approval of group internal models will be provided as an addendum to this Consultation paper. CEIOPS will continue developing further advice on implementing measures for the technical standards applying to internal models.



**Paul Sharma**  
IntMod Chair  
FSA, United Kingdom

## ★ Solvency II – Pillars 2 and 3

The supervisory review process (SRP), which is the main component of Pillar 2, and the reporting requirements of Pillar 3 are closely interlinked. Furthermore, the development of Pillar 3 reporting requirements will be impacted by the outcome of the requirements set in both Pillar 1 and 2, including the requirements developed for group supervision.

### ★ SRP and reporting

The SRP is at the core of Pillar 2. In the Issues paper – “Supervisory Review Process and Undertakings’ Reporting Requirements” (published in August 2008) CEIOPS set out its general views on the main building blocks of the SRP and its links to the regular reporting to supervisors<sup>17</sup>. CEIOPS’ aim in developing the reporting requirements is that, under Pillar 3, no information should be requested from undertakings that will not actually be used in the supervisory assessment.

### ★ SRP and risk assessment framework

The SRP is a process conducted by supervisory authorities to evaluate an individual insurance and reinsurance undertakings’ compliance with the laws, regulations and administrative provisions adopted pursuant to the Directive. It is through the SRP that supervisors will monitor all undertakings and identify those with financial and/or organisational weaknesses, which present higher risks to policyholders.

In accordance with the principle of proportionality, the SRP should be adapted to the nature, scale and complexity of the risks of each undertaking. In May 2008, CEIOPS submitted to the European Commission its advice on the implementation of the proportionality principle.<sup>18</sup> Additional detail will be included in CEIOPS’ further advice on Level 2 implementing measures and/or Level 3 guidance. Supervisors must determine the nature, scale and complexity of the risks facing each undertaking and prioritise their supervisory actions in line with the risk profile of the undertaking.

The Issues paper published in August 2008 on the SRP and reporting requirements, together with a consultation feedback, will form a basis for the development of this advice.

## ★ Reporting requirements

Linked to the SRP is the information that undertakings are required to report to supervisory authorities. This information will consist of:

- ★ annual public disclosure through the Solvency and Financial Condition Report (SFCR);
- ★ a Report to Supervisors (RTS), which will cover confidential or proprietary information for supervisory purposes only and which will not be disclosed.

Based on the August 2008 Issues Paper, an earlier publication from CEIOPS on SRP and public disclosure<sup>19</sup> and consultation feedback, CEIOPS started drafting advice for Level 2 implementing measures on reporting to supervisors and public disclosure under Articles 35 and 50 of the Directive proposal. The supervisors' assessment of undertakings and their national markets will be based on both the SFCR and the RTS. Some information items will be made public, while certain core information will need to be reported quarterly, in order to give supervisors an up-to-date overview of the situation and thus serve as early warning indicators.

## ★ Common reporting formats

Common reporting formats are being developed in parallel with CEIOPS' advice on Level 2 implementing measures, and are intended to be finalised by the end of 2010, in time for the entry into force of the Solvency II regime. This timing has been agreed as the optimal way forward for aligning the national reporting requirements, and has received the support of CEIOPS' main stakeholder Associations.<sup>20</sup>

The work on common reporting formats is especially relevant for cross-border insurance groups. Harmonised reporting formats for quantitative information are seen as an important step to reduce the administrative burden for undertakings and to facilitate the comparison of data across jurisdictions. The changes required as a result of the implementation of Solvency II constitute a unique opportunity to align requirements in order to create an efficient and cost-effective reporting and supervisory regime.

## ★ Governance and risk management

In November 2008, CEIOPS published an Issues paper on the System of Governance, which, in turn, built on CEIOPS' 2007 paper on risk management and other corporate issues.<sup>21</sup> These papers, together with a consultation feedback, formed the basis for CEIOPS' advice on implementing measures for the system of governance, published for consultation in March 2009 ("Draft CEIOPS advice for Level 2 implementing measures on Solvency II: system of governance"). The advice covers general governance, fit and proper requirements, risk management, as well as specific functions such as internal control, internal audit, the actuarial function and outsourcing.<sup>22</sup>



### ★ Own risk and solvency assessment (ORSA)

The ORSA is an element of risk management and is, as such, part of the system of governance. As the Directive does not foresee any Level 2 implementing measures on the ORSA, CEIOPS will undertake further work on this essential tool at Level 3, working to a deadline of end 2010/beginning of 2011. In order to make undertakings aware of what the application of the ORSA would entail in practice and how CEIOPS envisages its role in the framework of risk management, CEIOPS has set out its views in an Issues paper on “Own Risk and Solvency Assessment”, published for consultation in May 2008. The Issues paper and a consultation feedback statement can be found on CEIOPS website.<sup>23</sup>

### ★ Capital add-ons

Work on capital add-ons was undertaken during 2008, with formal consultation on CEIOPS' draft advice on Level 2 measures foreseen for early July 2009. This advice will include the specification of the circumstances under which a capital add-on may be imposed and the methodologies for its calculation. The advice will be supplemented by the development of requirements for the calculation of the capital add-ons in the SCR standard formula and internal models.

## ★ Special purpose vehicles (SPVs)

SPVs have been the subject of considerable attention in the context of the financial crisis. CEIOPS has been requested to advise the European Commission on the authorisation requirements for SPVs. CEIOPS' advice<sup>24</sup> was released for consultation at the end of March 2009 and covers conditions for authorisation, regulatory requirements and the scope of the supervisory review for SPVs under Solvency II. It also includes advice that could be considered for Level 3 guidance.

## ★ Insurance groups

Considerable effort and resources are being devoted by CEIOPS' Members to the supervision of insurance groups.

CEIOPS' work in relation to insurance groups under the current legislative framework of Solvency I includes initiatives to harmonise and streamline supervision, as well as to enhance co-operation between supervisors within Co-ordination Committees (Co-Cos). In 2008, there were 110 insurance groups involved in cross-border activities through their subsidiaries. This figure is based on the so-called "Helsinki List" which has been kept up-to-date since the signing of the Helsinki Protocol in May 2000.

CEIOPS' work in respect of the proposed Solvency II framework, involves preparing advice and guidance on group solvency assessment and on co-operation between supervisors in a group context, particularly for groups operating cross-border.

The CEIOPS' Work programme for 2008, committed CEIOPS to the delivery of advice to the European Commission on measures that would facilitate the effective supervision of insurance groups in general and, in the context of the group support regime of Solvency II, on co-ordination arrangements and on information exchange between supervisors.

CEIOPS' final advice on insurance groups ("Advice to the European Commission on aspects of the Framework Directive Proposal related to Insurance groups")<sup>25</sup> was published in May 2008. The first part covers legal and economic criteria for the application of the group support regime and public disclosure requirements. The second part covers co-operation, co-ordination and information exchange in the Colleges of Supervisors, as well as the rights and duties of a group supervisor.

CEIOPS' QIS4 exercise (conducted in 2008) tested insurance groups extensively for the first time. The main topics covered were: the quantitative impact of diversification effects, intra-group transactions, assessment of the eligible element of capital and the comparison between group SCR as calculated by the standard formula and by an internal model.



In 2008, CEIOPS continued its work on enhancing collaboration and the exchange of information regarding European insurance groups with head offices or affiliates in countries outside the European Economic Area (EEA), including Switzerland, the United States and Bermuda. New Memoranda of Understanding were signed and greater contact under existing agreements established. CEIOPS is committed to improving co-operation with third countries supervisors.

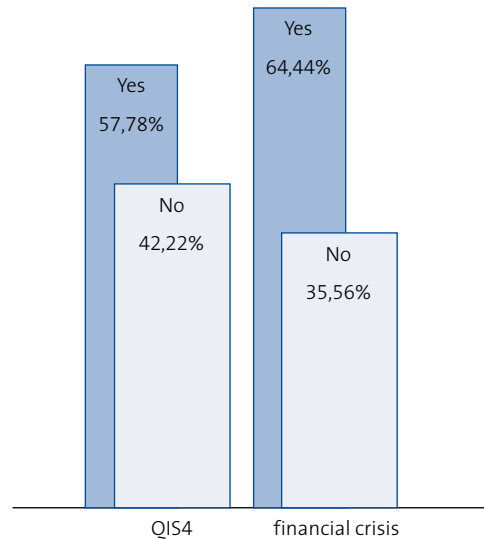
In November 2008, CEIOPS published on its website updated information on how Member States exercised the options provided for in the Insurance Group Directive with respect to the supplementary supervision of insurance groups. In this update, the transposition of the Reinsurance Directive was integrated in the database.<sup>26</sup> This was in response to the ECOFIN Conclusions requesting disclosure of national transposition and implementation of EU legislation.

In February 2009, CEIOPS published its 2009 report on the functioning of Co-ordination Committees under the Solvency I framework. The report shows that the performance of the Co-Cos has substantially improved as compared to 2007. Contact between Co-Co Members has intensified, particularly following the QIS4 and also in response to the financial crisis; more Co-Co meetings have been held, contacts on a day-to-day basis have increased and joint activities, such as joint on-site inspections, have been reported or planned.



The report recommends that, to improve the functioning of the Co-Cos, the frequency of the contacts and the number of joint activities should be increased.

Percentage of Co-Cos that have met or been in contact following:



To complement the existing Guidelines for Co-Cos and to develop further the co-operation and co-ordination of Co-Cos activities, in March 2009, CEIOPS published “Guidelines on preparation for and management of a financial crisis”.

In July 2008, CEIOPS started preparing Level 2 advice to the European Commission regarding group supervision in the context of Solvency II. This advice, to be delivered in October 2009, will cover the:

- ★ assessment of group solvency, including the consequences of equivalence decisions for third countries;
- ★ definition, identification and reporting of significant risk concentration and intra-group transactions; and
- ★ co-operation, co-ordination and information exchange for colleges of supervisors.

### ★ Equivalence

CEIOPS’ Work programme for 2008 committed CEIOPS to conducting preparatory work to identify common methods and procedures to be applied by its Members in the assessment of “equivalence” of third country regulatory regimes.

CEIOPS’ work focused on the equivalence provisions under the Reinsurance Directive and the forthcoming Solvency II Directive, as well as on the determination of the equivalence of professional secrecy provisions under the Reinsurance, Consolidated Life and Third Non-Life Insurance Directives.



In January 2009, CEIOPS published:

- ★ a report on the findings of a 2008 survey which examined the regulatory and supervisory treatment of third country reinsurance undertakings and existing equivalence procedures; and
- ★ the methodology and criteria for the assessment of third country supervisory equivalence under the Reinsurance Directive and the equivalence of professional secrecy standards under the Reinsurance, Consolidated Life and Third Non-Life Insurance Directives.

The aforementioned work will provide a basis for the next stage of CEIOPS' activities in this area, including the completion of specific equivalence assessments of third country regimes, and, where appropriate, the agreement of Memoranda of Understanding with relevant third country competent authorities.

CEIOPS will also consider its future work in respect of the equivalence provisions in the Solvency II Directive.

# 6

## OCCUPATIONAL PENSIONS

CEIOPS work in relation to the occupational pension sector in the EEA encompasses a wide spectrum of issues, from the consistent implementation of the IORP Directive, through financial stability matters, supervisory convergence, to developments in pensions accounting. This section outlines initiatives aimed at developing a common understanding of the IORP Directive with the ultimate aim of enhancing supervisory co-operation and convergence in supervisory practice, particularly in relation to IORPs operating cross-border.

CEIOPS Work programme for 2008, committed CEIOPS to a number of projects focused on the implementation of the IORP Directive, including:

- ★ a report on key aspects of the implementation of the IORP Directive;
- ★ an in-depth fact-finding exercise on approaches to funding provisions;
- ★ a report on outsourcing by IORPs;
- ★ the initiation of an experience based review of the Budapest Protocol;
- ★ an update to the CEIOPS' market developments report, and
- ★ work on risk management in IORPs (a workstream incorporated in direct response to the ECOFIN's roadmap on financial turmoil).

The "Initial review of key aspects of the implementation of the IORP Directive"<sup>27</sup> published in April 2008, maps national approaches to implementation across the EEA countries in 11 key areas. It provided input to the European Commission's review of the IORP Directive, which was planned for 2008. Although CEIOPS report found little practical evidence of major issues arising as a result of the considerable diversity in implementation approaches, it acknowledged that experience was limited (particularly of IORPs operating cross-border) and recommended further monitoring and analysis. Some of the specific recommendations were taken up by CEIOPS in the course of 2008 (investment rules) whilst others were built into the CEIOPS Work programme for 2009 (cross-border activity, ring-fencing, reporting to supervisory authorities and information to members).



The “Survey on fully funded, technical provisions and security mechanisms in the European occupational pensions sector”<sup>28</sup> (published in April 2008), was a direct response to a request from the European Commission for CEIOPS to undertake a detailed examination of the existing solvency rules for pensions. The report built on the findings of the “Initial review”, but deepened the analysis considerably to map and evaluate both static (valuation assumptions) and dynamic (protection mechanisms) aspects of IORP funding activity, as applied in different Member States. The report unveiled considerable diversity in prudential frameworks for IORPs across Member States, reflecting, in part, differences in nationally determined social and labour laws. The report provided a factual basis for the European Commission’s consultation<sup>29</sup> – conducted between September and November 2008 – on the harmonisation of solvency rules for IORPs subject to Article 17 of the IORP Directive and IORPs operating cross-border.

A survey based report on “Outsourcing by IORPs”<sup>30</sup> was published in October 2008. The report maps the various approaches and practices adopted by Member States in relation to outsourcing in the context of the IORP Directive. The report unveiled considerable diversity in approaches and went a significant way towards furthering understanding of outsourcing practices and the development of a common “outsourcing” language among supervisors.

CEIOPS has been monitoring closely developments in the European cross-border occupational pensions market since the IORP Directive came into force in September 2005. In November 2008, CEIOPS published a 2008 update to its “Report on market developments”.<sup>31</sup> A procedure for annual updates was also put in place.

The exchange of information on national social and labour law relevant to occupational pensions is an important factor in the management of IORPs operating cross-border. In order to facilitate the information exchange process, in August 2008, CEIOPS published, on its website, web links to the national social and labour law provisions of 14 Member States, with efforts continuing to increase the number to 30.

In the second quarter of 2008 CEIOPS started an experience-based review of the Budapest Protocol. The Budapest Protocol (which came into force in February 2006) sets out a framework for collaboration and co-operation among CEIOPS’ Member Competent Authorities (and those signatory non-CEIOPS’ Member Authorities which are ‘Competent Authorities’ under the IORP Directive) in the supervision of cross-border IORPs. The focus of the review is the effectiveness of the notification procedure and the exchange of information provisions under the Budapest Protocol. The review incorporates common aspects of other CEIOPS’ protocols (such as cross-border consumer complaints section of the Siena Protocol), in order to provide a convergent basis for supervision. A report on the progress of the review was provided to CEIOPS’ Members in October 2008. In March 2009, CEIOPS’ Members approved revised texts of the Budapest Protocol for a two month public consultation – to take place over April to June 2009. It is envisaged that the final text of the revised Budapest Protocol will be published at the end of 2009.

In May 2008, CEIOPS’ Members decided that CEIOPS should, in its occupational pensions related work, also consider those pension schemes or institutions which provide pensions in the occupational environment, but are neither covered by, nor explicitly excluded from, the IORP Directive. An internal report identifying such schemes was presented at the March 2009 CEIOPS Members Meeting. CEIOPS Members recommended that the work be extended to identify any type of pension fund in the EU, which was not covered by EU prudential legislation or explicitly excluded from the IORP directive.

In order to develop an understanding of how the various types of risks faced by IORPs were being addressed in practice, CEIOPS (in the fourth quarter of 2008) embarked upon another survey-based project to map existing national legal frameworks and practical approaches to risk management in IORPs across Member States. This project was undertaken in direct response to ECOFIN’s roadmap on the financial turmoil. It is expected that a report on risk management by IORPs will be published in the fourth quarter of 2009.







# 7

## FINANCIAL STABILITY



In view of the deepening financial and economic crisis, in the course of 2008, CEIOPS considerably increased its emphasis on, and resources devoted to, financial stability matters relating to the insurance and occupational pensions sectors. This section outlines work carried out under the CEIOPS' Work programme for 2008, as well as additional initiatives undertaken in response to ECOFIN Recommendations and requests from the FSC and the EFC.

In line with the mandate from the EFC – FST, CEIOPS' Work programme for 2008 committed CEIOPS to:

- ★ bi-annual reporting on financial conditions and financial stability in the insurance, reinsurance and occupational pensions sectors;
- ★ joint reporting with the banking supervisors on the macro-prudential developments, financial conditions and financial stability of European financial conglomerates;
- ★ monitoring exposure of insurers, reinsurers and occupational pension funds to sub-prime mortgage fallout, and
- ★ providing sector input to the EFC that would allow insurance and pensions supervisors to join the existing Memorandum of Understanding (MoU) on Financial Crisis Management applicable to the banking sector.



As in previous years, in May 2008, CEIOPS published its provisional Spring report on the main market trends within the insurance and occupational pensions sectors since the end of 2007. CEIOPS' Autumn report (published in December 2008) contained an annual assessment of developments in the insurance and occupational pension sectors and highlighted financial stability implications. The report covered the expected deterioration in insurers' solvency positions and the need for an increase in capital buffers, caused by falls in equity markets and decreasing interest rates. The report also considered the impact of low equity markets and interest rates on occupational pensions sector, distinguishing between defined benefit and defined contribution schemes.

As a joint effort with the banking supervisory committees, CEIOPS reported (in September 2008) on the financial conditions and financial stability issues relevant to financial conglomerates, and participated in a survey amongst supervisors of financial conglomerates on the liquidity arrangements within mixed groups. Such reporting is based on supervisory and market quantitative data on financial conglomerates, as well as on a qualitative assessment of cross-sector risks specific to financial conglomerates.

In 2008, CEIOPS in co-operation with CESR, prepared a proposal for the inclusion of specific provisions in the MoU on Financial Crisis Management, to allow insurance, pensions and securities supervisors to join the MoU. The extended MoU was signed in June 2008.<sup>32</sup>



CEIOPS input to the FSC and the EFC increased considerably in 2008. CEIOPS was represented in numerous meetings of the FSC and the EFC- FST and delivered various reports and updates in response to the requests of these committees for information on insurers' and pension funds' exposures to risky assets and on the assessment of prospective risks faced by both sectors. These included:

- ★ a qualitative analysis of monoliners in December 2007, supplemented by a quantitative analysis in April 2008;
- ★ an update on exposures to structured credit products and subprime risks in May 2008, as part of CEIOPS Spring report;
- ★ a report on the exposure by the largest European insurance groups to Lehman Brothers and AIG based on publicly available second quarter results in mid-September 2008;
- ★ an update (in October 2008) on the exposure of both insurers and occupational pension funds to structured credit products, Lehman Brothers, AIG, as well as certain equity and bond investments;
- ★ in early 2009, reporting on the outcome of two surveys: a survey, conducted in December 2008, on the exposure of insurance undertakings and pension funds to Bernard L Madoff Investment Securities LLC and associated companies; and a survey, conducted in January 2009, on specific measures undertaken by supervisory authorities to ensure additional reporting and stress testing, and the timely submission of projections based on quarterly or annual results, and
- ★ the submission (in March 2009) of CEIOPS' provisional 2009 Spring report to the EFC- FST, which also included forward looking analysis for 2009.

In order to respond to the need for regular monitoring of developments and the impact of the crisis on insurance and occupational pensions sectors, as well as to ensure timeliness of the information contained in its bi-annual reporting, in 2008, CEIOPS made considerable improvements to its tools and systems for data collection. The results will be reflected in the forthcoming reports. In the fourth quarter of 2008, a dedicated task force of financial stability experts was also established to further develop CEIOPS' data collection tools and systems.

As another crisis-related initiative, CEIOPS set up in October 2008 a crisis contact list for its Members. The list contains principal contact information for each of CEIOPS Members and is regularly updated.



The ECOFIN Financial Markets Stability Roadmap of 14 May 2008, requested that CEIOPS (alongside other institutions) assess the deployment of sound asset valuation standards in non-bank investors (e.g. asset managers, pension funds etc), particularly in relation to (potentially) illiquid assets.

The ECOFIN Financial Markets Stability Roadmap also requested that CEIOPS and other stakeholders assess the level of risk management standards in non-bank investors (e.g. asset managers, pension funds etc), particularly in relation to (potentially) illiquid assets.

In August 2008, CEIOPS published a report on issues regarding the valuation of structured credit products.<sup>33</sup> This report focused on the impact on insurance undertakings from issues related to the valuation of structured credit products (especially illiquid ones), in the future Solvency II framework and under International Financial Reporting Standards (IFRS).

CEIOPS believes that robust governance, risk management and internal control arrangements within undertakings (in particular, in relation to illiquid assets) are crucial to the successful resolution of a financial crisis. Consequently, CEIOPS conducted a survey to assess the level of risk management standards on assets applicable to insurance and reinsurance undertakings within the EEA under the current and future (Solvency II) regulatory frameworks, and to IORPs under current legislation. The results of this survey were presented in a “Report on Risk Management Standards on Assets”, which CEIOPS published in November 2008.<sup>34</sup>



# SUPERVISORY CULTURE, CONVERGENCE AND CO-OPERATION

## ★ Supervisory culture and convergence

In order to fulfill the commitment in the CEIOPS' Work programme for 2008, during the course of 2008, CEIOPS developed its work to foster the creation of a European supervisory culture in the insurance and occupational pensions sectors. A number of tools were also developed to ensure an appropriate follow-up to CEIOPS' standards, guidelines and recommendations.

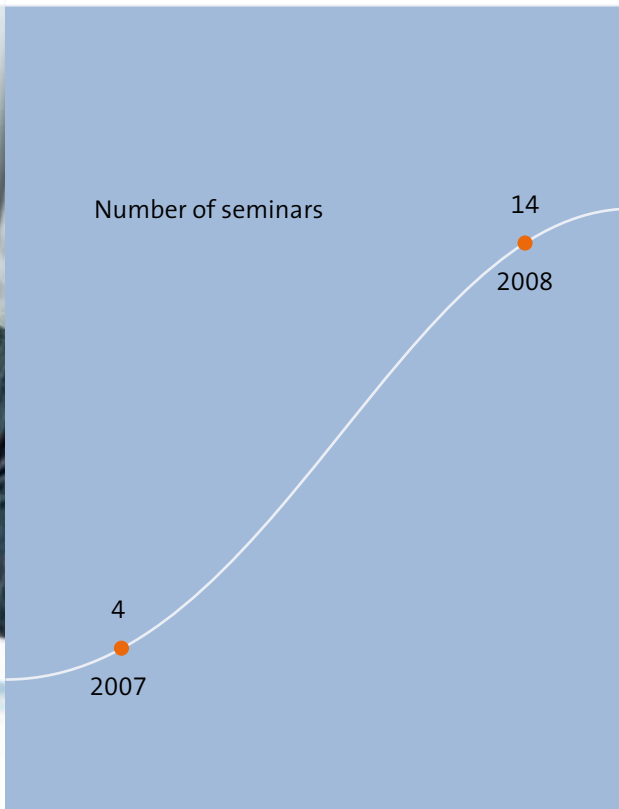
All the initiatives were carried out in line with the ECOFIN Recommendations of December 2007, as updated in May 2008.

CEIOPS undertook significant work in respect of the development of tools to overcome or minimise differences in supervisory culture, including the formulation of a comprehensive training programme for 2008 and the promotion of staff exchange amongst CEIOPS' Members.

### 2008 CEIOPS sectoral seminars

- ★ Internal Models for Beginners (Frankfurt, 25 February)
- ★ Solvency II for advanced (Frankfurt, 26 February)
- ★ Market developments/ABS/Accounting issues (Eltville, 27/28 March)
- ★ Occupational Pensions Seminar (Frankfurt, 24/25 April)
- ★ QIS4 Training for groups: completion of spreadsheets (Frankfurt, 28 April)
- ★ QIS4 spreadsheets for supervisors (Frankfurt, 6 May)
- ★ QIS4 spreadsheets actuaries (open to industry) (Frankfurt, 28/29 May)
- ★ Solvency II Regional Seminar (open to industry) (Bucharest, 12/13 June)
- ★ Impact Assessment (Brussels, 30 July)
- ★ Insurance Groups Supervision (open to industry) (Trieste, 4 November)
- ★ Internal Models (open to industry) (Trieste, 5 November)
- ★ CEIOPS Conference (open to industry) (Frankfurt, 19 November)
- ★ Negotiation skills for European Supervisors (Eltville, 20–21 November)
- ★ Simplifications and Proxies in the Market Consistent Valuation of Technical Provisions (Eltville, 4/5 December)





On training, CEIOPS fulfilled the commitment (as formulated in its Work programme for 2008) to develop an extensive range of seminars, maintaining the “no-fee” policy for the staff of CEIOPS’ Member Authorities.

Fourteen training sessions were organised by CEIOPS in 2008, mostly relying on speakers belonging to CEIOPS committees and expert groups and often with the co-operation of CEIOPS Members and non-profit institutions. The 14 training sessions (which trained in excess of 1200 supervisors) compare well to the 4 seminars run in 2007 and to the initial commitment of CEIOPS’ Members (as stated in the CEIOPS’ Work programme for 2008) to hold 8 seminars in 2008.

During the course of 2008, CEIOPS continued to co-operate with CESR and CEBS, in order to deliver cross-sectoral training sessions.

CEIOPS’ Members decided to dedicate additional resources to future training activity, increasing the number of seminars and matching their content to the training needs of supervisors. To this end, the 3L3 Committees applied, in 2009, for EU co-funding to help foster the development of supervisory convergence through training and the exchange of staff.





In recognition of the importance of staff exchange in building a common supervisory culture, in December 2007, CEIOPS Members undertook a commitment to be involved, on an annual basis, in at least one staff exchange and agreed to include this commitment in CEIOPS' Work programme for 2008.

As the table below demonstrates, there was a considerable increase in staff exchange in 2008 (not all Members were, however, able to participate, due to resource issues and/or pressures created by the financial crisis).

	Secondments (staff members involved)	Study visits (staff members involved)	Authorities involved
End 2007	8 (7 to CEIOPS)	12	13
End 2008	16 (10 to CEIOPS)	67	23

CEIOPS will continue with its activities aimed at increasing staff exchange between supervisors. The involvement of all European Supervisors will be monitored, as will the use of the CEIOPS' toolkit on the exchange of staff – approved in March 2008, as a mechanism for improving the procedures applicable in this area.

### ★ CEIOPS Review Panel

In addition to the work specifically devoted to developing a common supervisory culture, CEIOPS explored tools to foster supervisory convergence and strengthen the national application of EU legislation and Level 3 measures (without changing their legally non-binding nature).

CEIOPS established a Review Panel in August 2008. In order to ensure cross-sectoral consistency, the CEIOPS' Protocol<sup>35</sup> and Methodology<sup>36</sup> for Peer Review built on the work developed by CEBS and CESR in this area. The Protocol covers the principles, role, purpose, tools and working procedures of the Review Panel. The Methodology lays down the guidance and procedures for self-assessments, peer reviews, reporting and publication requirements.

CEIOPS' Review Panel constitutes the Committee's major tool for achieving convergence. The Review Panel is mandated to help monitor the implementation of supervisory provisions in Community legislation and in CEIOPS' measures and to monitor convergence in supervisory practices. CEIOPS' work in this area is intended to encourage the timely and consistent day-to-day application of all measures and to enhance supervisory convergence within the EEA. To this end, it will conduct panel reviews based on self-assessments provided by its Members in accordance with the approved methodology.

Michel Flamée

Review Panel Chair

CBFA, Belgium



The Review Panel's Work programme for 2009<sup>37</sup> was approved by CEIOPS' Members in October 2008. The Review Panel's first exercise (currently underway) is a self-assessment by CEIOPS' Members of the implementation of the exchange of information and supervisory co-operation provisions in the Siena and Budapest Protocols and the Guidelines on the Helsinki Protocol. In March 2009, CEIOPS Members approved the extension of the self-assessment to include CEIOPS-CEBS 10 Common Principles for the Colleges of Supervisors.

## ★ CEIOPS decision-making

In order to respond to the ECOFIN request for enhancing the efficiency and effectiveness of CEIOPS' decision-making processes, CEIOPS' Articles of Association were amended in May 2008 to extend the circumstances in which it is possible to apply QMV – changes introduced alongside the comply or explain principle.

In pursuit of the ECOFIN Recommendation to adopt common formats for the disclosure of the national transposition and implementation of EU legislation, in 2008, CEIOPS undertook initial work to increase understanding of national regimes and to iron out interpretative and application difficulties. In October 2008, CEIOPS decided to develop simple formats for disclosure and a supporting web-based framework. To ensure cross-sector consistency, this work will build on the work already carried out by CEBS in the context of the Capital Requirements Directive. A pilot project will commence in early 2009, which will test a web-based model providing details of the transposition and implementation of the Reinsurance Directive. The model will then be extended to other areas of community legislation.

# 9

## CONSUMER PROTECTION

In March 2008, CEIOPS established a working group – the Committee on Consumer Protection (CCP) – dedicated to consumer issues in the areas of insurance and occupational pensions, including those related to:

- ★ information to customers
- ★ market conduct
- ★ general good provisions
- ★ intermediaries issues
- ★ financial education
- ★ the handling of consumer complaints
- ★ insurance guarantee schemes.

The CCP takes forward the work of two previous expert groups – the Insurance Mediation Expert Group and the Task Force on the revision of the Siena Protocol. These expert groups were disbanded in 2008, following the approval and publication on 31 March 2008 of the “General Protocol relating to the Collaboration of the Insurance Supervisory Authorities of the Member States of the European Union” (“Siena Protocol”)<sup>38</sup> and “CEIOPS Conclusions on Possible Amendments to the Insurance Mediation Directive (IMD)/Luxembourg Protocol” – marking the fulfilment of their respective mandates.

CEIOPS reviewed and updated the provisions in the “Siena Protocol”. The review focused on the co-operation of supervisory authorities in respect of non-financial issues, in particular those relevant to policyholder protection. The review led to the development of an out-of-court system for handling consumer complaints about insurance and reinsurance undertakings and increased online disclosure obligations for CEIOPS Members and Observers.

“CEIOPS Conclusions on Possible Amendments to the IMD/Luxembourg Protocol”<sup>39</sup> outline the results of an inquiry (conducted by CEIOPS) with a view to improving the regulation of cross-border services and the facilitation of mediation activities. A number of the conclusions were implemented through amendments to the Luxembourg Protocol, including the definition of cross-border services under the IMD.<sup>40</sup> However, the scope of the IMD and the geographical adjustment of Professional Indemnity Insurance were left to the European Commission to analyse in the context of its review of the IMD.



Amendments to the Luxembourg Protocol were agreed in October 2008, covering the:

- ★ integration of the definition of “freedom of services” under the IMD;
- ★ addition of an informational reference to the Directive on mutual recognition;
- ★ adoption of the out-of-court handling of consumer complaints as developed in the revised Siena Protocol, and
- ★ completion of the list of competent authorities for registrations under the IMD.

CEIOPS participated actively in the European Commission’s consultation on Insurance Guarantee Schemes by replying to the European Commission’s Consultation Paper and through the participation of the CEIOPS Chair in the European Commission’s public hearing of 2 June 2008. CEIOPS believes that it is timely to examine the need for the introduction of a minimum guarantee scheme for insurance, similar to those already in operation for banking and investment services providers. On the CCP’s recommendation, CEIOPS agreed to establish a Task Force on insurance guarantee schemes (composed of high-level experts) that will analyse the options for a more harmonised system. The mandate of the Task Force was approved by CEIOPS’ Members in March 2009.

In January 2008, CEIOPS published and simultaneously submitted to the European Commission its reply to the Call for Evidence on Substitute Retail Investment Products.<sup>41</sup> CEIOPS reported that the majority of its Members and Observers considered that retail protection rules regarding substitute products were adequate. However, concerns were expressed on disclosure of costs and risks. Directly linked to this, CEIOPS started a mapping exercise on the national measures additional to the minimum disclosure requirements of the Life Directive and the IMD with regard to unit-linked life insurance products.

### ★ Accounting

CEIOPS is actively trying to influence and monitor the development of international accounting standards (IAS) of specific relevance to the insurance sector. The project of the International Accounting Standards Board (IASB) on insurance contracts – phase 2 (work aimed at ensuring consistency between valuations applied for accounting and solvency purposes) is a key focus.

Following their sector analysis (see section 7 for details of CEIOPS' contribution), the Level 3 Committees decided on the need for joint cross-sector activities in this area. The Joint Statement from CESR, CEBS and CEIOPS, regarding the latest developments in accounting (October 2008),<sup>42</sup> focused on the recent developments which had led to changes to the international accounting standards regarding financial instruments – IAS 39 and IFRS 7.

CEIOPS continued its active participation in the Insurance Accounting Working Group of the European Financial Reporting Advisory Group (EFRAG).

Further work regarding valuations was carried out in the context of Solvency II in order to provide clarifications on the valuation of assets and liabilities other than technical provisions. CEIOPS' Advice to the European Commission on Level 2 implementing measures will set out how the valuation of specific balance-sheet items should be carried out (based on the principles in the Solvency II Directive Proposal), in order to ensure that the items are valued consistently across Member States. A Consultation paper on CEIOPS' draft advice was published at the end March 2009<sup>43</sup> ("Draft CEIOPS advice for Level 2 implementing measures on Solvency II: valuation of assets and other liabilities") with CEIOPS' formal advice to the European Commission due to be provided in October 2009.

In 2008, the IASB published, for consultation, a number of Discussion papers including:

- ★ Preliminary views on Amendments to IAS 19 Employee Benefit;
- ★ Financial instruments with characteristics of equity (focusing on the distinctions between equity financial instruments and other financial instruments (non-equity instruments), and
- ★ Reducing complexity in reporting financial instruments (the first stage in a project which aims to replace IAS 39 – “Financial Instruments: Recognition and Measurement”. The discussion paper analysed the main causes of complexity in reporting financial instruments and possible intermediate and long-term solutions).

CEIOPS has issued comment letters<sup>44</sup> in response to each of the aforementioned papers.

## ★ International relations:

### International Association of Insurance Supervisors (IAIS), International Organisation of Pension Supervisors (IOPS) and IASB

CEIOPS Members continue to be actively involved in international associations such as the IAIS and the IOPS. As such, CEIOPS can rely on, and benefit from, regular updates from its Members on the activities of these two organisations, which are then fed into relevant CEIOPS work streams. The sharing of information is ensured through regular reporting or presentations from third country supervisors at CEIOPS Members Meetings (eg. Bermuda in 2008).

In September 2008, CEIOPS responded to the IOPS public consultation on draft guidelines for the supervisory assessment of pension funds and stands ready to contribute information to a current IOPS project on the development of the IOPS Toolkit for Risk-based Supervision.

A more active exchange of information between CEIOPS and IAIS Secretariats is also being pursued through twice yearly meetings of the staff of both organisations. CEIOPS closely follows the work of the IASB and contributes to the IFRS-making and related EU endorsement processes. In this context, CEIOPS’ observer representation in the Accounting Regulatory Committee of the European Commission and its active engagement in the work of the Insurance Working Group of EFRAG should be mentioned.

### Regulatory dialogues

Financial stability, group supervision and regulatory projects such as Solvency II are some of the issues on which CEIOPS’ regulatory dialogues with third countries are increasingly focusing.





In Autumn 2008, CEIOPS met a delegation of the US National Association of Insurance Commissioners (NAIC) in Budapest to discuss financial stability matters and Solvency II. Following the meeting, CEIOPS and the NAIC agreed to ensure the involvement of US supervisors in the Co-Cos, established under the Helsinki Protocol. This should allow supervisors on both continents to co-operate, where necessary, in the supervision of transatlantic insurance groups. The successful negotiation and conclusion of further Memoranda of Understanding between CEIOPS Members and US Commissioners in 2008 is a positive indication of growing co-operation. A further significant development is the agreement to hold a joint conference between EU and US supervisors in 2009 to discuss third country issues and group supervision.

CEIOPS continues to engage with the Chinese Insurance Regulatory Commission (CIRC) through regular Sino-EU dialogues. Following the last dialogue held in Autumn 2008, CIRC invited CEIOPS to further strengthen the Sino-EU co-operation, especially in respect of information sharing on matters relating to the current financial crisis. Further discussions will be held in June 2009.

Following a successful first meeting with the Association of Latin American Insurance Supervisors in 2008, a further meeting has been planned for Spring 2009.

In 2008, CEIOPS received visits from a number of representatives from third country supervisory authorities and institutions, who are increasingly interested in the work of CEIOPS. Contacts were made with Russian, Korean and Thai supervisors, the Japanese National Bank and various other constituencies. Further dialogues are planned for 2009, with CEIOPS participating in the European Commission's regulatory dialogue with Japan.



# II

## CROSS-SECTOR WORK

The so-called 3L3 work – the 3L3 Committees’ joint work – is generally focused on achieving convergence between the three financial sectors: securities markets, credit institutions (banks), the insurance sector and the pensions markets. These different segments of the financial markets are interlinked hence the need for the three sector Committees, CESR, CEBS and CEIOPS, to work together to ensure an European level playing field, consistency in legislative implementation, cost effectiveness and proper assessment of cross-sector risks.

### ★ Co-ordination and convergence of practices

#### Joint protocol on 3L3 co-ordination

In 2005, the Level 3 Committees formalised their co-operation by signing a “Joint protocol on Cooperation between CESR, CEBS and CEIOPS”. In 2008, the protocol was updated to reflect their experiences of joint work and to take into account developments, such as the Lamfalussy review and the deepening financial crisis, which led to an increased number of requests from EU institutions<sup>45</sup> and stakeholders to develop a cross-sector approach. As the year progressed, contact between the 3L3 Chairs became more frequent.

The new “Joint Protocol on Cooperation”<sup>46</sup> (signed on 8 December 2008) introduces the concept of a Co-ordinating Committee. The Co-ordinating Committee carries the main responsibility for 3L3 co-ordination on behalf of the 3L3 Committees, on a six-month rotation basis, with CESR operating as the initial Co-ordinating Committee for the second half of 2008, followed by CEIOPS and then CEBS in the first and second half of 2009, respectively.

#### 3L3 work on cross-sector risks

Identifying cross-sector risk will help the 3L3 Committees, their Members and the EU institutions to ensure the stability of European financial markets. Following the ECOFIN Council Conclusions of May 2008 and a request to the 3L3 Committees to respond to financial stability concerns of a cross-sector nature, the 3L3 Committees started testing this form of co-operation in a pilot exercise. This was done by

organising a joint initiative to address the issue in detail and to find the best way forward by adding a cross-sector dimension to the 3L3 Committees' work on sector risk assessment.

#### Next steps

A 3L3 task force on cross-sector risks, accountable to the 3L3 chairs, was formed in 2009 to ensure that cross-sector financial stability risks are effectively identified. The task force will ensure that, at an early stage, the 3L3 Committees capture cross-sector risks that are relevant to the risk assessment work of the Committees.

#### 3L3 work on home-host delegation

The 3L3 work on delegation and the issue of home-host arrangements serves to achieve convergence among regulators and across sectors and markets. In June 2008, the 3L3 Committees were requested by the European Commission to undertake work on delegation for home and host authorities. The request related to delegation of tasks and to the delegation of supervisory responsibilities and to the legal and practical obstacles to delegation.

A 3L3 task force was set up, representing participants from the three sectors. In November 2008, the task force sent a report on delegation of tasks to the European Commission. The report sets out 15 key principles to be followed when the delegation of tasks takes place between competent authorities. The principles cover issues such as the legal basis of delegation, compliance with national law, liability, confidentiality, transparency and accountability. The 3L3 task force continued its work in Autumn 2008 by mapping obstacles to delegation of supervisory responsibilities by publishing a questionnaire mapping current legal and supervisory frameworks.

#### Next steps

The 3L3 delegation task force finalised, in April 2009, its work on delegation, with a paper on obstacles to delegation of supervisory responsibilities. The 3L3 Committees stand ready to further contribute to the developments in this field, including possible future legislative initiatives.

### 3L3 statement on the valuation of financial instruments

In October 2008, the 3L3 Committees published a joint statement on the latest developments in accounting. The 3L3 Committees:

- ★ welcomed the work of the IASB and the flexibility shown in terms of application of the mark-to-market valuation;
- ★ endorsed the new regulation from the European Commission that promptly implemented the change;
- ★ supported the aim to arrive at global accounting standards;
- ★ appreciated the solution found by the IASB regarding the issue of reclassification and therefore avoiding a European carve-out on IAS 39; and
- ★ supported the clarification provided by the IASB in October 2008 in respect of the management's internal assumptions, use of market quotes, results of disorderly transactions and transactions in an inactive market.

#### Next steps

In 2009, the 3L3 Committees will continue their co-ordination and exchange information on the sector-specific work undertaken on accounting.

### 3L3 anti-money laundering task force (AMLTF)

The AMLTF seeks to achieve cross-sector convergence in national implementation of the Third Anti-Money Laundering Directive.

In October 2008, the task force published a joint 3L3 paper on a common understanding of the information requirements about the payer, under European Regulation 1781/2006, that should accompany the transfer of funds.<sup>47</sup> The joint paper was developed with the aid of a public consultation launched in April 2008, which also involved a public hearing held on 6 May 2008. The paper includes a proposal on how to deal with payments which are not accompanied by the required information.

The AMLTF was established in the second half of 2006 by CESR, CEBS and CEIOPS, with a view to provide input into anti-money laundering and counter-terrorism finance issues, with a specific focus on the Third Anti-Money Laundering Directive.

#### Next steps

The AMLTF will continue its work in relation to the practical aspects of the Third Anti-Money Laundering Directive and will in 2009 produce work on aspects of "Know Your Customer and Customer Due Diligence".

### 3L3 guidelines on cross-border mergers and acquisitions

Directive 2007/44/EC of 5 September 2007 on cross-border acquisitions in the financial sector<sup>48</sup> amends a number of sector directives as regards the prudential requirements to be applied in respect of acquisitions and the increase of holdings in the financial sector. The Directive sets out five criteria to be applied by the Competent Authorities in the EU in order to assess a cross-border acquirer, such as the reputation of the acquirer and its compliance with prudential requirements. In order to develop a common understanding amongst 3L3 Committees' Members as to the application of these criteria, in December 2008, a 3L3 cross-border merger and acquisitions task force published guidelines on the five prudential criteria applicable to the Directive.

The 3L3 Committees defined co-operation arrangements in order to ensure an adequate and timely flow of information between supervisors. They also established an exhaustive and harmonised list of information that prospective acquirers should include in their notifications for competent supervisory authorities.

#### Next steps

In 2009, the 3L3 Committees will continue to discuss and assess the possibility to perform additional work on the fit and proper criteria.

### Impact assessment (IA) guidelines

CESR, CEBS and CEIOPS published, on 30 April 2008, their joint IA guidelines. These guidelines had been developed as a practical tool to help ensure the effective use of IA within the 3L3 Committees. The guidelines will assist the Committees in policy decisions regarding future regulation and will serve to enhance the credibility and accountability of the policy-making process. The IA guidelines reinforce the Committees' commitment to transparent, evidence-based policymaking.

The expectation is that IA will apply to the work of the 3L3 Committees where the policy issues under consideration are likely to have significant structural and cost implications for consumers, investors and/or market participants.

The 3L3 Committees conducted pilot studies to establish whether the guidelines work effectively. CESR tested the guidelines in relation to the simplified prospectus work, CEBS in relation to its large exposures activities, and CEIOPS is applying them in connection with its delivery of advice to the European Commission in relation to the Solvency II project.

The 3L3 Committees agreed in January 2009 to set up a 3L3 IA network. The purpose of the network is to provide IA advice and challenge and thereby help ensure a consistent, acceptable and credible application of the 3L3 IA Guidelines within the L3 Committees. Several members of the network are currently providing IA advice on a number of current work streams within the three committees.





#### Next steps

The 3L3 Committees will continue providing joint 3L3 training to members of the Committees on the application of the IA guidelines and on the implementation and use of impact analysis.

The IA network will work on developing an IA Toolkit for use by the 3L3 Committees' Members. It is expected that the toolkit will consist of the IA Guidelines, shortened versions of the guidance, useful templates and tables, links to other forms of guidance (e.g. the Commission's own guidelines and documents which help articulate the important role that IA plays in policy-making), examples of good practice, training materials and presentations.

#### 3L3 task force on internal governance

In July 2008, the 3L3 Committees set up a common internal governance task force intended to address cross-sector issues related to internal governance. The purpose of the work is to develop, within the current legal framework, cross-sector guidance on internal governance for institutions and conglomerates operating in different financial sectors. In doing so, the task force will identify consequences of differences in Level 1, 2 and 3 measures regulating internal governance, which might have a significant practical impact on institutions.

#### Next steps

The internal governance task force will perform a stock take of the differences between Level 1, 2 and 3 measures on internal governance with regard to MiFID, CRD and Solvency II in the second and third quarter of 2009. We expect the work to be finalised by the end of 2009.

#### CESR-CEBS advice on the review of commodities business

CESR and CEBS published a Consultation paper in May 2008 responding to the Commission's joint mandate for technical advice on the review of commodities business with regards to Article 65 of the Markets in Financial Instruments Directive (MiFID) and Article 48 of the Capital Adequacy Directive (CAD).

The review related to the regulatory treatment of firms providing investment services in commodity and exotic derivatives. The views of the CESR and CEBS were sought on whether the treatment of these types of firms continues to support the intended aims of market and prudential regulation.

The Consultation paper began with an overview of the EU commodity derivatives markets, products, trading venues and participants, and included an analysis of possible market and regulatory failures linked to asymmetric information and negative externalities, which provided a framework for the subsequent discussion of policy issues. The two final sections of the Consultation paper examined whether the

current regulatory framework, as set out in MiFID and CAD, adequately addresses the issues raised in the market and regulatory failure analyses or whether amendments are necessary. A number of possible options were discussed.

CESR and CEBS published their advice to the European Commission in October 2008 and concluded with recommendations, in particular concerning the future scope of exemptions which exist in MiFID and the prudential treatment of specialist commodity derivatives firms. CESR and CEBS saw a case for revising the exemptions in Article 2(1)(i) and (k) of MiFID by providing a narrow exemption for the incidental provision of investment services related to commodity derivatives and an exemption for primarily non-financial firms which trade on own account with sophisticated clients. Furthermore, CESR and CEBS recommended that the European Commission consider whether an additional article could be included in MiFID, which would clarify that firms covered by the exemptions relating to commodity derivatives in Article 2 should not be prevented from being authorised as investment firms.

#### Next steps

Both Committees stand ready to provide further assistance, if required, in the next stages of the process.

### ★ 3L3 Work on financial conglomerates

The work on financial conglomerates is led by CEBS and CEIOPS, with CESR participating as an observer. Most of the work of the Interim Working Committee on Financial Conglomerates (IWCFC – renamed JCFC in 2009) during 2008 was related to the financial crisis and the three calls for advice received from the European Commission and the EFCC (European Financial Conglomerates Committee). In 2008, the following issues were addressed:

- ★ February 2008 – the group published technical advice on the equivalence of the supervision of financial conglomerates in Switzerland and the United States.
- ★ April 2008 – advice was published regarding the eligibility of own funds. A comparison of the sector rules identified two types of differences, namely those:
  - ★ related to the nature of the business of each sector (treatment of unrealised gains and re-evaluation reserves, sector-specific capital components such as profit reserves for life insurers); and
  - ★ unrelated to any business specificities and thus prone to regulatory arbitrage (i.e. calculation method at group level, intra-sector deductions, reference points for deductions, and definition/application of prudential filters).
- ★ April 2008 – the IWCFC received a call for advice with regard to the review of the Financial Conglomerates Directive (FCD), in respect of which the European Commission asked the IWCFC to come forward with a range of possible solutions to the key issues it has identified in its work to date, namely those relating to language, scope and internal control mechanisms. The JCFC is currently undertaking a stock take of the existing national implementation practices of the FCD in the context of the FCD review.

- ★ June 2008 – the IWCFC issued Practical Guidance for supervisors, in relation to the supervision of risk concentrations and intra-group transactions.
- ★ September 2008 – the IWCFC submitted its annual report on macro-prudential developments to the financial stability table on financial conditions and financial stability in European financial conglomerates. It was followed by a survey amongst supervisors on how liquidity arrangements between the banking and insurance parts of financial conglomerates work in practice.
- ★ October 2008 – the IWCFC updated its list of financial conglomerates, including identification of the co-ordinator and relevant Competent Authorities for each financial conglomerate on the list.

#### Next steps

In January 2009, CEBS, CEIOPS and JCFC published ten principles regarding the functioning of colleges of supervisors, which are based on their existing work and supervisory experience.

At the end of May 2009, the JCFC will launch a public consultation on the draft response to the European Commission's Call for Advice to the JCFC, on the review of the FCD.

Throughout 2009, the JCFC will conduct further work on the assessment of the crisis and its consequences for the regulation and the supervision of financial conglomerates.

### ★ Common supervisory culture – 3L3 training

Training staff of EU regulatory authorities on a cross-sector basis is crucial in achieving a common European supervisory culture. Following the two pilot training courses that were held in the second half of 2007, six additional 3L3 courses were organised in 2008 by Members of the 3L3 Committees, covering areas such as the supervision of financial conglomerates, credit risk transfer, reputational risk, anti-money laundering, operational risk and risk models. In excess of 275 supervisors participated in these courses.

Based on the positive feedback received from Members and in line with the Lamfalussy process, a key objective of which is the attainment of a common supervisory culture in the EU, the 3L3 Committees decided to dedicate more resources to training. The target of the 3L3 Committees is to increase the quantitative and qualitative level of the courses offered to supervisors.

### Next steps

The target number of 2009 cross-sectoral training courses has doubled in comparison with 2008 to twelve seminars covering areas such as: corporate governance, risk management, securitisation, quantitative approaches to risk, conduct of business, supervisory interactions with firms, negotiating skills for European supervisors, assessment of IT systems and applications in financial institutions, reputational risk, IFRS and accounting and impact assessment.

To this end, the 3L3 Committees have applied for EU co-funding and have intensified their efforts so as to deliver the required results both on a sectoral and cross-sectoral basis.

Also, in 2009, courses will be open to participants from third countries, in order to further support the process of regulatory and supervisory convergence at the global level.



CEIOPS has designed its Work Programme for 2009 according to political, external and internal priorities. External influences included recommendations and comments from EU Institutions such as the European Parliament, the ECOFIN and the European Commission, as well as input from CEIOPS stakeholders, industry and other interested parties. Internally, CEIOPS' Consultative Panel once again provided valuable observations and guidance. An increased emphasis was placed on the issues of convergence, financial stability and consumer protection.

### ★ Insurance

The European Commission's publication of the Directive Proposal for Solvency II on 10 July 2007, has shifted the focus of CEIOPS' efforts from providing the European Commission with advice on the preparation of Level 1 principles, to developing advice on Level 2 implementing measures and Level 3 guidance.

Formal advice on Level 2 implementing measures is expected to be submitted to the European Commission by October 2009, in good time for the planned adoption of



these measures during the second half of 2010. CEIOPS' work on Level 3 supervisory guidance will be carried out in parallel, and will be finalised by Spring 2011.

#### **Solvency II – overview**

CEIOPS' 2009 deliverables in respect of Solvency II cover all articles in the Directive Proposal where the European Commission has indicated either an obligation or the possibility of introducing Level 2 measures. As in the past, CEIOPS will consult publicly on the advice to the European Commission, and will involve stakeholders in discussing specific aspects of the implementing measures. The advice will build on CEIOPS' previous work, including QIS exercises, in particular QIS4.

CEIOPS' Level 2 advice and any subsequent Level 3 guidance will include an indication of how CEIOPS' Level 1 advice on the proportionality principle should be implemented in practice.



# I2

Solvency II deliverables will cover all three pillars of the Solvency II framework as well as group issues.

## Solvency II – Quantitative requirements (Pillar 1)

CEIOPS will advise on the valuation of technical provisions, the valuation of assets and liabilities other than technical provisions, the assessment and classification of own funds and the design of the standard formula for the calculation of the SCR and the MCR. CEIOPS will also provide advice on the approval process and technical standards for internal models. The advice will be submitted for consultation in Spring and Summer 2009.

## Solvency II – Qualitative requirements (Pillars 2 and 3)

A number of issues relating to Pillars 2 and 3 are interconnected. Level 3 guidance on the Review Process, Level 2 advice and Level 3 guidance on common reporting formats will be developed using CEIOPS' Issues paper on the supervisory review process and reporting to supervisors, published in August 2008. Detailed reporting and disclosure formats will be addressed at Level 3.

There will also be Level 2 advice and Level 3 guidance on governance and Level 3 guidance on the own risk and solvency assessment, based on CEIOPS' Issues papers which were published in 2008.

## Solvency II and Group issues

By October 2009, CEIOPS will prepare its advice to the European Commission on the calculation of the group SCR, taking into consideration the diversification effects, fungibility and the transferability of capital. If appropriate, further detailed advice to the European Commission will be prepared in relation to the co-ordination, co-operation and the exchange of information between supervisors. Parallel work will involve preparatory work for Level 2 advice and/or Level 3 guidance on risk concentration and intra-group transactions; on the co-ordination between supervisory authorities of enforcement measures; on issues related to insurance groups that have either their parent undertaking or subsidiaries in a non-EU country; and on national and regional sub-group supervision.

## ★ Impact Assessment

Following the 2008 agreement with the European Commission, CEIOPS will contribute to the impact assessment analysis that the European Commission intends to carry out on Level 2 implementing measures. CEIOPS will carry out its own impact assessment analysis on Level 3 guidance.

The impact assessment will comprise an analysis and comparison of the impact on different stakeholder groups of the various policy options that have been identified. The intention is to provide an analytical framework for ensuring that policy proposals are justified.

CEIOPS expects to deliver its Level 2 advice on the various Solvency II areas requested by the Commission, by October 2009. The advice will include CEIOPS' contribution to the impact assessment. CEIOPS will consult on both components before the October 2009 deadline.

### ★ Group issues under the current Insurance Group Directive

The supervision of cross-border insurance groups under the current regulatory framework will be a priority in 2009. CEIOPS will continue to focus on convergence of supervisory practice and co-operation, in order to minimise the supervisory burden on insurance groups. This will feed into Solvency II work streams on supervisory colleges by clarifying, strengthening and streamlining the role of the lead supervisor and the functioning of the Co-Cos.

CEIOPS will also start work on the design of a Risk Assessment System for insurance groups. CEIOPS will continue to monitor developments in co-operation within the supervisory colleges, in order to address ECOFIN request for action in this respect. CEIOPS' sector work on insurance group supervision will also provide input to 3L3 cross-sector workstreams, such as developing high-level principles for the delegation of tasks and competences. CEIOPS' input to the joint 3L3 work on financial conglomerates, especially the work in relation to supervisory colleges, is also strongly linked to the work on insurance groups. Co-ordination will be ensured with the review of the FCD.

### ★ Equivalence

In 2009, the work on identifying common methods and procedures for the assessment of "equivalence" of third country regulatory regimes will continue. In particular, CEIOPS will focus on the equivalence provisions under the Reinsurance Directive and the forthcoming Solvency II Directive. Where agreed by its Members, CEIOPS will conduct specific equivalence assessments and consider the agreement, where appropriate, of Memoranda of Understanding with third country Competent Authorities.

## ★ Occupational pensions

In 2009, CEIOPS will continue to focus on enhancing convergence of supervisory practices in relation to cross-border IORPs. The work will be carried out in three main strands: an experience-based review of the Budapest Protocol; a follow up to the recommendations of CEIOPS' report on key aspects of the implementation of the IORP Directive; and further work on solvency issues for IORPs.

The review of the Budapest Protocol is expected to be completed in November 2009. The revised Budapest Protocol will include a new section on the handling of cross-border consumer complaints to ensure consistency with other CEIOPS' protocols. The follow-up to the report of the OPC on key aspects of implementation of the IORP Directive will focus on further analysis and clarification in a number of areas relevant to IORPs operating cross-border in order to aid understanding of national provisions and ensure that cross-border supervision of IORPs is consistent and effective.

CEIOPS' work on occupational pensions and solvency will intensify once the outcome of the European Commission's consultation is known later in 2009.

Other work-streams planned for 2009 include a 2009 update to Market Developments report, surveys on risk management and internal controls in IORPs, as well as the identification of pension schemes that are not covered by any EU prudential legislation.

## ★ Financial Stability and crisis management

In 2009, CEIOPS will continue to report on financial conditions and financial stability in the EU insurance, reinsurance and pension funds sectors, as well as on the financial conditions and financial stability of European financial conglomerates as mandated by the EFC – FST.

CEIOPS will also continue to monitor the exposure of the insurance and occupational pensions sectors to risky investments and to analyse the implications of the financial crisis for these two sectors. To this end, CEIOPS will participate in an EU Working Group on Procyclicality set up by the EFC.

## ★ Convergence

Building on the positive results of 2008, and in line with the recommendations from the EU political institutions, 2009 will see the further strengthening of CEIOPS' horizontal activities, aimed at the development of a European supervisory culture and effective tools to increase supervisory co-operation and convergence in both insurance and the occupational pensions sectors. The number of training seminars will increase, as will the exchange of staff amongst Member supervisory authorities.

Cross-sector seminars will be developed in co-operation with CEBS and CESR. CEIOPS' Review Panel, set up in 2008 in response to ECOFIN Recommendations, will undertake its first Peer Review to assess the implementation of supervisory provisions in CEIOPS' protocols.

An interactive webpage will be developed to facilitate the interaction between CEIOPS and its Members, and amongst Members themselves, on matters relating to training and staff exchange.

## ★ Consumer Protection

The Single Market has brought about a wider choice of insurance and pensions products and services for European consumers – CEIOPS is keen to see that the increased choice benefits the consumer in terms of quality, affordability and security. Consumers need to feel confident and empowered to make the right choices.

As such, in 2009, CEIOPS will continue to focus on the information needs of consumers, on financial education and on market conduct. It will also promote the effective and transparent exchange of information about national general good provisions and procedures for the out-of-court handling of consumer complaints.

CEIOPS will also contribute to the development of a harmonised, EU-wide system of insurance guarantee schemes, in line with the outcome of the European Commission's 2008 consultation on such schemes.

## ★ Accounting

CEIOPS' specific aim is to ensure compatibility between the accounting framework and the valuation rules under Solvency II. To this end, CEIOPS will continue to follow proactively the developments in the European accounting environment and at the international level.

## ★ International relations

CEIOPS will continue to develop its dialogues with the United States, China and Latin America with the aim of increasing mutual understanding of each others' regulatory and supervisory systems, promoting co-operation in cross-border supervision and enhancing the exchange of information on relevant supervisory issues, and on financial stability matters. CEIOPS' close co-operation with Switzerland, especially on group supervision, will also continue.

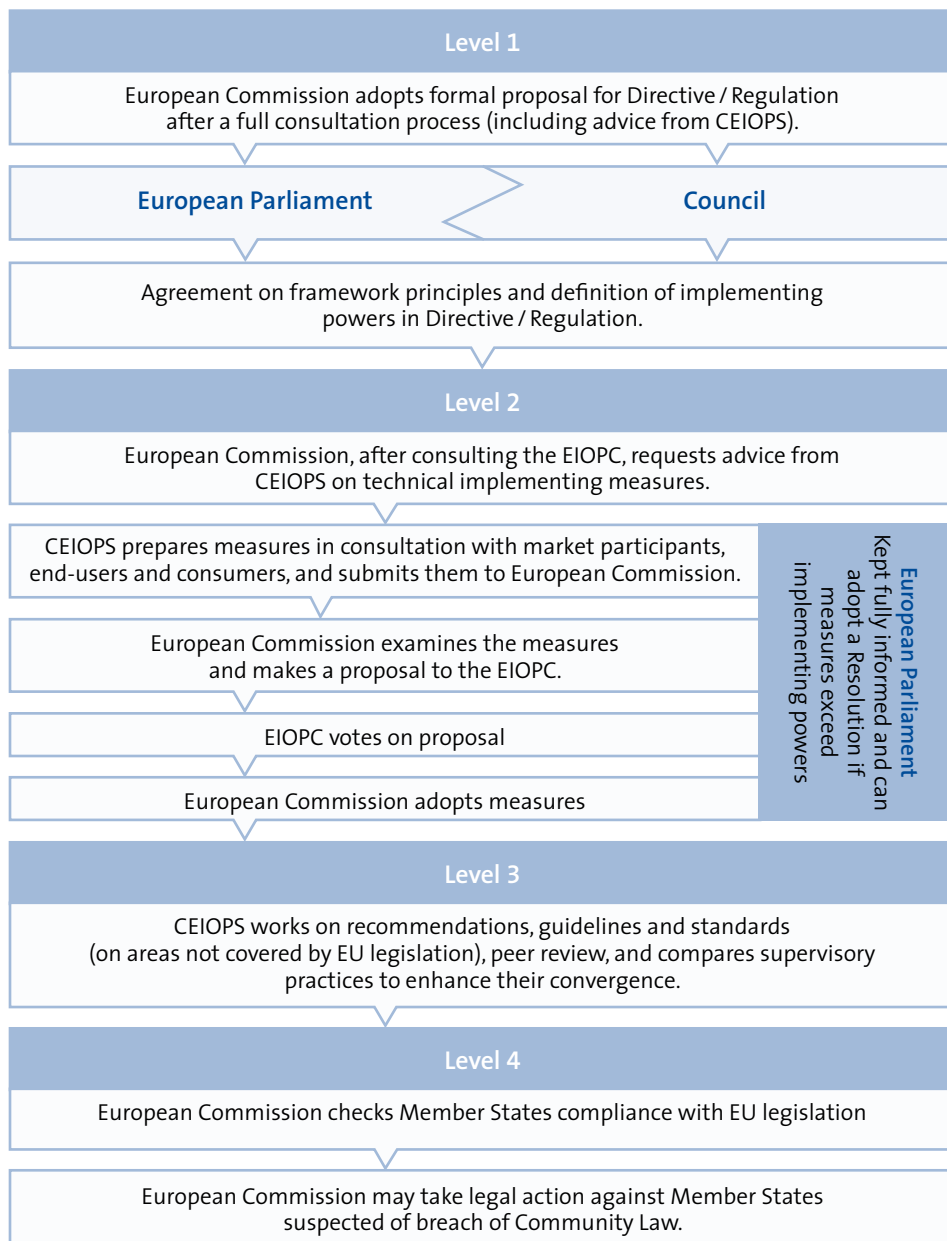
Third country supervisors will be invited to attend CEIOPS' training events in 2009.



# ANNEXES

## ★ A 1: CEIOPS' role in the Lamfalussy procedure

Lamfalussy-model from the perspective of CEIOPS



## ★ A 2: Financial statements

	Actual 2007	Actual 2008	Budget 2008	available 2008
Income and Expense Account	Euro	Euro	Euro	Euro
<b>★ Revenues</b>				
Membership fees, gross	1,790,000.00	2,151,000.00	2,151,000.00	
Rebate to members	-309,699.67	-483,218.50	0.00	
Membership fees, net	1,480,300.33	1,667,781.50	2,151,000.00	
Interest income	19,381.64	35,053.43	0.00	
Other Income	0.00	22.33	0.00	
<b>Total revenues</b>	<b>1,499,681.97</b>	<b>1,702,857.26</b>	<b>2,151,000.00</b>	
<b>★ Current expense</b>				
Salaries and wages	854,648.90	1,013,667.88	1,221,000.00	207,332.12
Rental expense	168,087.47	370,454.38	330,000.00	-40,454.38
Travelling and entertainment	118,156.33	119,399.97	150,000.00	30,600.03
Office supplies	15,608.82	12,021.05	10,000.00	-2,021.05
Organisation and meetings	130,959.04	163,962.32	195,000.00	31,037.68
Telecommunication expense	28,223.50	28,195.60	28,000.00	-195.60
Delivery and communication	5,921.34	7,656.89	7,000.00	-656.89
Printing	27,486.20	74,832.68	25,000.00	-49,832.68
EDP installation and maintenance	71,160.90	73,301.30	65,000.00	-8,301.30
Website	11,816.71	26,266.09	60,000.00	33,733.91
Professional fees	46,929.65	53,874.11	40,000.00	-13,874.11
Miscellaneous expense	66,225.19	1,987.64	20,000.00	18,012.36
<b>Total expense</b>	<b>1,545,224.05</b>	<b>1,945,619.91</b>	<b>2,151,000.00</b>	<b>205,380.09</b>
<b>★ Result for the year (ordinary business)</b>	<b>-45,542.08</b>	<b>-242,762.65</b>	<b>0.00</b>	
Retained earnings beginning of year	1,077,840.20	1,032,298.12		
<b>Retained earnings at end of year</b>	<b>1,032,298.12</b>	<b>789,535.47</b>		
<b>★ Analysis of Assets and Liabilities</b>	<b>31.12.2007</b>	<b>31.12.2008</b>		
Cash and Bank Accounts	1,528,609.27	1,648,469.31		
Membership fee receivables	50,674.23	0.00		
Other receivables	200,486.99	149,588.63		
Prepaid expenses	27,205.35	31,876.99		
<b>Total assets</b>	<b>1,806,975.84</b>	<b>1,829,934.93</b>		
<b>★ Less: Liabilities and Accrued Expense</b>				
Accrued expense	254,094.95	321,994.67		
Prepaid membership fees	498,492.13	694,650.09		
Other liabilities	22,090.64	23,754.70		
<b>Total liabilities</b>	<b>774,677.72</b>	<b>1,040,399.46</b>		
<b>★ Total committee members' equity</b>	<b>1,032,298.12</b>	<b>789,535.47</b>		



## ★ A 3: ECOFIN Roadmaps

ECOFIN Requested Action to CEIOPS/Deliverables	CEIOPS WG Involved
<p>Member States, with the contribution of Level 3 Committees as appropriate, to adopt common formats, where appropriate, to disclose national transposition and implementation of EU legislation.</p>	<p>CEIOPS Convergence Committee mandated to develop, during the course of 2009, a web-based Supervisory Disclosure Framework, based on common formats.</p>
<p>Level 3 Committees to transmit to the Commission, the European Parliament and the Council draft Work Programmes; thereafter, start reporting annually on progress, to include an assessment of resources within future Work Programmes.</p>	<p>CEIOPS Secretariat</p>
<p>Level 3 Committees to explore the possibilities to strengthen the national application of guidelines, recommendations and standards of Level 3 Committees, without changing their non-binding nature.</p>	<p>Convergence Committee/Review Panel/Joint Committee on Financial Conglomerates ("JCFC") (former Interim Working Committee on Financial Conglomerates)</p>
<p>Level 3 Committees to introduce in their Charters the possibility to apply QMV coupled with a comply or explain procedure.</p>	<p>Convergence Committee</p>
<p>Level 3 Committees to study the possibilities to introduce a common set of operational guidelines for the operation of colleges of supervisors and monitor the coherence of the practices of the different colleges of supervisors.</p>	<p>Insurance Groups Supervision Committee ("IGSC")/Joint Committee on Financial Conglomerates ("JCFC") (former Interim Working Committee on Financial Conglomerates)</p>



## Status

### Ongoing:

CEIOPS decided at the end of 2008 to conduct a pilot exercise on the development of common formats in respect of the Reinsurance Directive.

### Achieved:

CEIOPS, together with CESR and CEBS, submitted to the political Institutions their 2009 Work Programmes and the 3L3 Work Programme on 6 November 2008.

### Achieved:

Protocol on Review Panel and Methodology for Review by Peers approved.  
CEIOPS Review Panel established and Work Programme of the Review Panel approved at the end of 2008.

### Ongoing:

Review Panel organising a self-assessment exercise in respect of the provisions on co-operation and exchange of information in the Siena, Budapest and the Helsinki Protocols, in particular, the guidelines on Co-Cos exchange of information.  
Assessment of tools already developed in response to the ECOFIN Conclusions (e.g. the Protocol on Mediation, approved by CEIOPS at the end of 2007).  
The review of the Financial Conglomerates Directive – the Consultation Paper with the issues, viable solutions and preferred solution will be prepared by the JCFC by May 2009.

### Achieved:

CEIOPS approved the modification of Articles of Association in May 2008.

### Achieved:

Common set of guidelines for the operation of colleges of supervisors – relevant for the banking, insurance and financial conglomerates sector – was presented to the Financial Services Committee in July 2008.  
CEBS and CEIOPS published at the end of January 2009, an amended list of the ten common principles (i.e. guidelines for the operation of colleges of supervisors), that reflect lessons learnt from the financial crisis.  
CEIOPS' Report on the functioning of the Coordination Committees was published in February 2009.



ECOFIN Requested Action to CEIOPS/Deliverables	CEIOPS WG Involved
<p>Level 3 Committees to study the possibilities to introduce a common set of operational guidelines for the operation of colleges of supervisors and monitor the coherence of the practices of the different colleges of supervisors.</p>	<p>Insurance Groups Supervision Committee (“IGSC”)/Joint Committee on Financial Conglomerates (“JCFC”) (former Interim Working Committee on Financial Conglomerates)</p>
<p>Level 3 Committees to suggest a timetable for the introduction of EU-wide reporting formats for single data requirements and reporting dates.</p>	<p>Internal Governance, Supervisory Review and Reporting Expert Group (“IGSRR”)</p>
<p>The Commission, in cooperation with Level 3 Committees, to conduct a cross-sector stock taking exercise of the coherence, equivalence and actual use of sanctioning powers among Member States and variance of sanctioning regimes.</p>	<p>IGSRR</p>
<p>The Commission to consider financial support under the EU-budget for specific EU-wide projects that are requested from the Level 3 Committees.</p>	<p>Secretariat/3L3 Task Force on Training/Convergence Committee</p>
<p>The Commission to study the possibilities for EU funding under the EU-budget of the development of tools to help build a common supervisory culture by the Level 3 Committees.</p>	<p>Secretariat/3L3 Task Force on Training/Convergence Committee</p>
<p>The Commission and Level 3 Committees to review financial services Directives to include provisions to enable the use of the voluntary delegation of tasks and analyse the options for voluntary delegation of supervisory competences.</p>	<p>IGSC / JCFC / 3L3 Task Force on delegation of tasks and supervisory competences</p>
<p>The Commission, with the assistance of the Level 3 Committees, to review financial services Directives with a view to ensuring that provisions underpinning supervisory co-operation and the exchange of information between competent authorities are satisfactory.</p>	<p>Consumer Protection Committee</p>

## Status

### Ongoing:

JCFC will discuss, in March 2009, a monitoring paper on the functioning of Colleges for financial conglomerates.

### Achieved:

Timetable submitted to the political level in mid-2008.

Completed first part of the report on “Supervisory powers” (see below).

Joint 3L3 application for EU funding for 2009 sent to the Commission on 1 and 18 July 2008.

Joint 3L3 application for EU funding for 2009 sent to the Commission on 1 and 18 July 2008.

### Ongoing:

3L3 Task Force to finalise paper on delegation of responsibilities. Paper to include factual analysis of existing directive references to delegation of responsibilities, identifying why there has been minimal delegation to date.

On 6th November 2008, the 3L3 Committees sent to the Commission a Report on principles for the voluntary delegation of tasks and issued a Questionnaire to Members on the delegation of responsibilities.

The Insurance Groups advice, published by CEIOPS in May 2008 included proposals for delegation of tasks. Further advice on this issue is foreseen for October 2009.

3L3 Chairs agreed to set up a new 3L3 Task Force on delegation of tasks/supervisory competences in 2008.

### Achieved:

CEIOPS conclusions on possible amendments to the IMD and/or Luxembourg Protocol.

Luxembourg protocol updated

### Ongoing:

Drafting of “CEIOPS Best Practices with regard to the IMD and other intermediaries issues”.



ECOFIN Requested Action  
to CEIOPS/Deliverables

CEIOPS WG Involved

The Commission, with the assistance of the Level 3 Committees, to review financial services Directives with a view to ensuring that provisions underpinning supervisory co-operation and the exchange of information between competent authorities are satisfactory.

Occupational Pensions  
Committee (OPC)

The Commission, in cooperation with the L3 Committees, to: (1) Study the differences in supervisory powers and objectives between national supervisors; and (2) Define, where still necessary and appropriate, a coherent set of powers in the relevant financial services Directives.

IGSRR

Assess the deployment of sound asset valuation standards in non-bank investors (e.g. asset managers, pension funds etc), particularly in relation to (potentially) illiquid assets (at EU-level: auditing profession, industry, CEIOPS, CESR and the Commission; at global level: IASB, IOSCO, BCBS).

IGSRR

Reinforce prudential rules and risk management in the financial sector. A particular request is that CEIOPS and others assess the level of risk management standards in non-bank investors (e.g. asset managers, pension funds, etc), particularly in relation to (potentially) illiquid assets.

IGSRR/OPC

## Status

### Achieved

Report “Initial review of key aspects of the implementation of the IORP directive” published in April 2008 provides an early overview of how the IORP directive has been implemented. “Survey on fully funded, technical provisions and security mechanisms in the European occupational pensions sector” published in April 2008 provides an in-depth mapping of Member States’ approaches to technical provisions and funding of DB pension schemes. Report on “Outsourcing by IORPs” published in October 2008 maps the various approaches and practices surrounding outsourcing in the EEA, furthering understanding and the creation of a common supervisory language.

### Ongoing

Commencement of the review of the Budapest protocol. To facilitate the exchange of information around cross-border IORPs, weblinks to national social and labour law provisions of 14 Member States have been published on CEIOPS’ website. Work continues to increase the number to 30.

### Achieved:

Final report sent to the Commission on 27 February 2009.

### Achieved:

“Report on issues regarding the valuation of structured credit products” was published in August 2008.

### Achieved:

“Report on issues regarding risk management standards on assets” was published in November 2008. The report covers both insurance and occupational pensions sectors.

### Ongoing

OPC Survey on Risk Management in IORPs started in 2008.



## ★ A 4: List of Members and Observers

### Members

#### Austria

Finanzmarktaufsichtsbehörde (FMA)  
Praterstraße 23  
1020 Wien  
Austria  
Tel: +43 1 249 59-0  
Fax: +43 1 249 59-6099  
www.fma.gv.at

#### Belgium

Banking, Finance and Insurance  
Commission (CBFA)  
Rue du Congrès – Congresstraat, 12-14  
1000 Brussels  
Belgium  
Tel: +32 2 220 5211  
Fax : +32 2 220 5890  
www.cbfa.be

#### Bulgaria

Financial Supervision Commission  
33, Shar Planina Street  
1303 Sofia  
Bulgaria  
Tel : +359 2 9404800  
Fax : +359 2 829 43 29  
www.fsc.bg

#### Cyprus

Insurance Companies Control Service (ICCS)  
P.O. Box 23364  
1682 Nicosia  
Cyprus  
Tel: +357 22 60 29 80  
Fax: +357 22 66 01 35  
www.mof.gov.cy

#### Czech Republic

Czech National Bank  
Insurance Regulation and Supervision  
Department  
Na příkopě 28  
115 03 Praha 1  
Czech Republic  
Tel: +420 224 411 111  
Fax: +420 224 412 404 or +420 224 413 708  
www.cnb.cz

#### Denmark

Finanstilsynet  
Aarhugade 110  
2100 Copenhagen  
Denmark  
Tel: +45 33 55 82 82  
Fax: +45 33 55 82 00  
www.finanstilsynet.dk

#### Estonia

Financial Supervision Authority/  
FINANTSINSPEKTSIOON  
Sakala Street 4  
15030 Tallinn  
Estonia  
Tel: +372 66 80 500  
Fax: +372 66 80 501  
www.fi.ee

#### Finland

Financial Supervisory Authority  
P.O. Box 103  
00101 Helsinki  
Finland  
Tel: +358 10 831 51  
Fax: +358 10 831 5328  
www.fin-fsa.fi

## France

Autorité de Contrôle des Assurances et des Mutuelles (ACAM)  
61 rue Taitbout  
75436 Paris Cedex 09  
France  
Tel: +33 1 55 50 41 41  
Fax: +33 1 55 50 41 50  
[www.acam-france.fr](http://www.acam-france.fr)

## Germany

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)  
Graurheindorfer Straße 108  
53117 Bonn  
Germany  
Tel: +49 228 4108 0  
Fax: +49 228 4108 1550  
[www.bafin.de](http://www.bafin.de)

## Greece

Private Insurance Supervisory Committee (PISC)  
Ypatias 5  
GR 105 57 Athens  
Greece  
Tel: +302 10 32 72 610/ 620  
Fax: +302 10 3230 847  
[www.pisc.gr](http://www.pisc.gr)

## Hungary

Pénzügyi Szervezetek Állami Felügyelete  
Hungarian Financial Supervisory Authority  
Krisztina Körút 39  
1013 Budapest  
Hungary  
Tel: +36 1 4899 100  
Fax: +36 1 4899 102  
[www.pszaf.hu](http://www.pszaf.hu)

## Ireland

The Pensions Board  
Verschoyle House  
28/30 Lower Mount Street  
Dublin 2  
Ireland  
Tel: +353 1 613 1900  
Fax: +353 1 631 8602  
[www.pensionsboard.ie](http://www.pensionsboard.ie)

Irish Financial Services Regulatory Authority  
P.O. Box No 9138  
College Green  
Dublin 2  
Ireland  
Tel: +353 1 410 4000  
Fax : +353 1 410 4999  
[www.financialregulator.ie](http://www.financialregulator.ie)

## Italy

Commissione di Vigilanza sui Fondi Pensione (COVIP)  
Via in Arcione, 71  
00187 ROMA  
Italy  
Tel: +39 06 69 50 6350  
Fax: +39 06 69 50 6 271  
[www.covip.it](http://www.covip.it)

Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo (ISVAP)  
Via del Quirinale, 21  
00187 ROMA  
Italy  
Tel: +39 06 42 13 31  
Fax: +39 06 42 13 32 06  
[www.isvap.it](http://www.isvap.it)





## Latvia

Financial and Capital Market Commission  
Kungu iela 1  
Riga, LV-1050  
Latvia  
Tel: +371 6 777 4800  
Fax: +371 6 722 5755  
[www.fktk.lv](http://www.fktk.lv)

## Lithuania

Insurance Supervisory Commission of  
the Republic of Lithuania  
Ukmerges str. 222  
LT 07157 Vilnius  
Lithuania  
Tel: +370 5 243 1370  
Fax: +370 5 243 1399  
[www.dpk.lt](http://www.dpk.lt)

## Luxembourg

Commissariat aux Assurances (CAA)  
7, boulevard Royal  
2449 Luxembourg  
Tel: +352 22 69 11 1  
Fax: +352 22 69 10  
[www.commassu.lu](http://www.commassu.lu)

Commission de Surveillance du  
Secteur Financier  
110, route d'Arlon  
2991 Luxembourg  
Tel: +352 26251 1  
Fax: +352 26251 601  
[www.cssf.lu](http://www.cssf.lu)

## Malta

Malta Financial Services Authority  
Notabile Road  
Attard  
MALTA BKR 14  
Tel: +356 21 44 11 55  
Fax: +356 21 44 11 88  
[www.mfsa.com.mt](http://www.mfsa.com.mt)

## Netherlands

De Nederlandsche Bank (DNB)  
P.O. Box 98  
1000 AB Amsterdam  
The Netherlands  
Tel: +31 20 524 9111  
Fax: +31 20 524 2500  
[www.dnb.nl](http://www.dnb.nl)

## Poland

Polish Financial Supervision Authority  
KOMISJA NADZORU FINANSOWEGO  
Pl. Powstancow Warszawy 1  
00-950 Warszawa  
Poland  
Tel: +48 22 33 26 600  
Fax: +48 22 33 26 793 (602)  
[www.knf.gov.pl](http://www.knf.gov.pl)

## Portugal

Instituto de Seguros de Portugal (ISP)  
Avenida da República, 76  
1600-205 Lisboa  
Portugal  
Tel: +351 21 790 31 00  
Fax: +351 21 793 85 68  
[www.isp.pt](http://www.isp.pt)

## Romania

Insurance Supervisory Commission (CSA)  
18th Amiral Constantin Bălescu Street,  
sector 1  
Bucharest 011954  
Romania  
Tel : +40 21 316 78 80  
Fax : +40 21 316 78 64  
[www.csa-isc.ro](http://www.csa-isc.ro)

Romanian Private Pension System  
Supervision Commission (RSCPPS)  
90–92 Calea Șerban Vodă, Sector 4  
Bucharest 040213  
Romania  
Tel.: +40 21 330 1035  
Fax: +40 21 330 1031  
[www.csspp.ro](http://www.csspp.ro)

## Slovakia

National Bank of Slovakia  
Imricha Karvasa 1  
813 25 Bratislava  
Slovakia  
Tel: +421 2 57 87 1111  
Fax: +421 2 57 87 1100  
[www.nbs.sk](http://www.nbs.sk)

## Slovenia

Insurance Supervision Agency  
Trg republike 3  
1000 Ljubljana  
Slovenia  
Tel: +386 1 25 28 600  
Fax: +386 1 25 28 630  
[www.a-zn.si](http://www.a-zn.si)

## Spain

Dirección General de Seguros y Fondos  
de Pensiones (DGSFP)  
Ministerio de Economía y Hacienda  
Paseo de la Castellana, 44  
28046 Madrid  
Spain  
Tel: +34 91 3397 100  
Fax: +34 91 3397 113  
[www.meh.es](http://www.meh.es)

## Sweden

Financial Supervisory Authority  
P.O. Box 7821, Brunnsgatan 3  
103 97 Stockholm  
Sweden  
Tel: +46 8 787 80 00  
Fax: +46 8 24 13 35  
[www.fi.se](http://www.fi.se)

## United Kingdom

Financial Services Authority (FSA)  
25 The North Colonnade, Canary Wharf  
LONDON E14 5HS  
United Kingdom  
Tel: +44 20 7066 1000  
Fax: +44 20 7066 1099  
[www.fsa.gov.uk](http://www.fsa.gov.uk)

The Pensions Regulator  
Napier House, Trafalgar Place  
BRIGHTON  
BN1 4DW  
United Kingdom  
Tel: +44 1273 811 800  
Fax: +44 1273 627 688  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)



## Observers

### Iceland

Financial Supervisory Authority (FME)  
(Fjármálaeftirlitid)  
Suðurlandsbraut, 32  
108 Reykjavík  
Iceland  
Tel: +354 525 2700  
Fax: +354 525 2727  
[www.fme.is](http://www.fme.is)

### Liechtenstein

Financial Market Authority (FMA)  
Heiligkreuz 8  
P.O. Box 279  
9490 Vaduz  
Liechtenstein  
Tel: +423 236 7377  
Fax: +423 236 7376  
[www.fma-li.li](http://www.fma-li.li)

### Norway

Kredittilsynet (The Financial Supervisory  
Authority of Norway)  
P.O. BOX 100 Bryn  
0611 Oslo  
Norway  
Tel: +47 22 93 98 00  
Fax: +47 22 63 02 26  
[www.kredittilsynet.no](http://www.kredittilsynet.no)

### European Commission

Direction Générale Marché  
Intérieur  
Rue de la Loi, 200  
1049 Brussels  
Belgium  
Tel: +32 2 295 79 54  
Fax: +32 2 299 30 75  
[www.ec.europa.eu/internal\\_market](http://www.ec.europa.eu/internal_market)

## ★ A 5: List of Abbreviations

3L3	Three Level 3 Committees	ECON	Committee on Economic and Monetary affairs
Budapest Protocol	Protocol Relating to the Collaboration of the Relevant Competent Authorities of the Member States of the European Union in Particular in the Application of the Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the Activities and Supervision of Institutions for Occupational Retirement Provision (IORPs) Operating Cross-Border (CEI-OPS-DOC-08/06), February 2006	EEA	European Economic Area
		EFC	Economic and Financial Committee
		EFCC	European Financial Conglomerates Committee
		EFC-FST	EFC-Financial Stability Table
		EFRAG	European Financial Reporting Advisory Group
		EIOPC	European Insurance and Occupational Pensions Committee
		EU	European Union
CAD	Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast), OJ L 177/201 of 30 June 2006 (Capital Adequacy Directive)	FCD	Financial Conglomerates Directive (Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council, OJ L 35 of 11.2.2003)
CCP	Committee on Consumer Protection	FSC	Financial Services Committee
CEBS	Committee of European Banking Supervisors	Helsinki Protocol	Protocol relating to the Collaboration of the Supervisory Authorities of the Member States of the European Union with regard to the Application of the Directive 98/78/EC on the Supplementary Supervision of Insurance Undertakings in an Insurance Group (DT/NL/194/00 Final), 11 May 2000
CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors	IA	Impact Assessment
CESR	Committee of European Securities Regulators		
CIRC	Chinese Insurance Regulatory Commission		
Co-Cos	Co-ordination Committees		
Coordination Group	Joint CEIOPS/Groupe Consultatif Coordination Group on Proxies		
EC	European Commission		
ECOFIN	EU Council of Ministers		



IAIS	International Association of Insurance Supervisors	MiFID	Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, OJ No. L 145 of 30 April 2004
IAS	International accounting standards		
IASB	International Accounting Standards Board		
IFRS	International Financial Reporting Standards		
IMD	Insurance Mediation Directive		
IOPS	International Organisation of Pension Supervisors		
IORP Directive	Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of Institutions for occupational retirement provision		
IORPs	Institutions for Occupational Retirement Provision		
IWCFC	Interim Working Committee on Financial Conglomerates (renamed JCFC in 2009)		
Level 3 Committees	CEBS, CEIOPS, CESR		
Luxembourg Protocol	Protocol Relating to the Co-operation of the Competent Authorities of the Member States of the European Union in Particular Concerning the Application of Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on Insurance Mediation (CEIOPS-DOC-02/06), April 2006		
JCFC	Joint Committee on Financial Conglomerates (former IWCFC)		
MCR	Minimum Capital Requirement		
		NAIC	US National Association of Insurance Commissioners
		ORSA	Own Risk and Solvency Assessment
		QIS3	Third Quantitative Impact Study
		QIS4	Fourth Quantitative Impact Study
		QMV	Qualified Majority Voting
		RTS	Report to Supervisors
		SCR	Solvency Capital Requirement
		SFCR	Solvency and Financial Condition Report
		Siena Protocol	Protocol relating to the collaboration of the supervisory authorities of the Member States of the European Community in particular in the application of the Directives on life assurance and non-life insurance (DT/F/182/97), 30 October 1997
		SPV	Special Purpose Vehicle
		SRP	Supervisory Review Process

## ★ A 6: Endnotes

- <sup>1</sup> The updated European Commission establishing CEIOPS – Decision 2009/79/EC of 23 January 2009 replaces the original Decision 2004/6/EC of 5 November 2003
- <sup>2</sup> CEIOPS' Solvency II work programmes  
[www.ceiops.eu/content/view/79/120/](http://www.ceiops.eu/content/view/79/120/)
- <sup>3</sup> CEIOPS' advice on proportionality  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/AdviceProportionality.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/AdviceProportionality.pdf)
- <sup>4</sup> CEIOPS' advice on group supervision, in particular group support  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/AdviceInsuranceGroups.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/AdviceInsuranceGroups.pdf)
- <sup>5</sup> CEIOPS' Lesson learned from the crisis paper  
[www.ceiops.eu/media/files/publications/reports/CEIOPS-SEC-107-08-Lessons-learned-from-the-crisis-SII-and-beyond.pdf](http://www.ceiops.eu/media/files/publications/reports/CEIOPS-SEC-107-08-Lessons-learned-from-the-crisis-SII-and-beyond.pdf)
- <sup>6</sup> The European Commission letter of 23.01.2088  
[www.ceiops.eu/content/view/118/124/](http://www.ceiops.eu/content/view/118/124/)  
See also a letter from CEIOPS to the European Commission of 20.11.2007, asking for guidance on the design of the MCR, the treatment of equity risk and deferred taxes  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/2007-11-20%20QIS3%20Report%20letter%20J.%20Holmquist.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/2007-11-20%20QIS3%20Report%20letter%20J.%20Holmquist.pdf)
- <sup>7</sup> Public hearing by the European Commission on QIS4  
[http://ec.europa.eu/internal\\_market/insurance/solvency/public\\_hearing\\_en.htm](http://ec.europa.eu/internal_market/insurance/solvency/public_hearing_en.htm)
- <sup>8</sup> CEIOPS' background document on the calibration of the MCR and SCR  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/QIS4-Background-document-on-calibration.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/QIS4-Background-document-on-calibration.pdf)
- <sup>9</sup> CEIOPS' background document on the calculation of the cost of capital  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/QIS4-Background-document-on-Cost-of-Capital.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/QIS4-Background-document-on-Cost-of-Capital.pdf)
- <sup>10</sup> European Commission guidance on key issues for QIS4  
[www.ceiops.eu/media/docman/public\\_files/consultations/QIS/Letter-EC-QIS4.pdf](http://www.ceiops.eu/media/docman/public_files/consultations/QIS/Letter-EC-QIS4.pdf)
- <sup>11</sup> Summary feedback statement of European Commission and the list of comments and resolutions  
[http://ec.europa.eu/internal\\_market/insurance/solvency/public\\_consultation\\_en.htm](http://ec.europa.eu/internal_market/insurance/solvency/public_consultation_en.htm)
- <sup>12</sup> Call of Advise of the European Commission on QIS4  
[www.ceiops.eu/media/docman/public\\_files/consultations/QIS/Call%20for%20Advice%20from%20EC%20to%20CEIOPS.pdf](http://www.ceiops.eu/media/docman/public_files/consultations/QIS/Call%20for%20Advice%20from%20EC%20to%20CEIOPS.pdf)
- <sup>13</sup> Consultation papers 26 to 32  
[www.ceiops.eu/content/view/14/18/](http://www.ceiops.eu/content/view/14/18/)
- <sup>14</sup> In July 2007, the Coordination Group on Proxies was established jointly by CEIOPS and the Groupe Consultatif Actuariel Européen in order to co-ordinate the work of national expert groups on the valuation of non-life technical provisions. These national groups assemble supervisors, actuaries and representatives of the insurance industry
- <sup>15</sup> CEIOPS' report on the use of Internal Models in Insurance  
[www.ceiops.eu/media/files/publications/reports/Stock-taking-report-on-the-use-of-Internal-Models-in-Insurance.pdf](http://www.ceiops.eu/media/files/publications/reports/Stock-taking-report-on-the-use-of-Internal-Models-in-Insurance.pdf)
- <sup>16</sup> Consultation paper 37 on the procedure for approval of an internal model  
[www.ceiops.eu/content/view/14/18/](http://www.ceiops.eu/content/view/14/18/)
- <sup>17</sup> CEIOPS' Issues paper – Supervisory Review Process and undertakings' Reporting Requirements  
[www.ceiops.eu/media/docman/public\\_files/consultations/CEIOPS-IGSRR-18-08%20Issues%20Paper%20on%20SRP%20and%20Reporting-final.pdf](http://www.ceiops.eu/media/docman/public_files/consultations/CEIOPS-IGSRR-18-08%20Issues%20Paper%20on%20SRP%20and%20Reporting-final.pdf)
- <sup>18</sup> CEIOPS' Advice on the implementation of the proportionality principle  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/AdviceProportionality.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/AdviceProportionality.pdf)
- <sup>19</sup> CEIOPS' Issues paper – Policy on harmonisation of contents and formats for public disclosure and supervisory reporting  
[www.ceiops.eu/media/docman/public\\_files/consultations/CEIOPS-IGSRR-05-07%20Policy%20on%20Supervisory%20Reporting%20and%20Public%20Disclosure.pdf](http://www.ceiops.eu/media/docman/public_files/consultations/CEIOPS-IGSRR-05-07%20Policy%20on%20Supervisory%20Reporting%20and%20Public%20Disclosure.pdf)



- 20 CEIOPS' Chair letter dated 3 June 2008 and responses from AMICE, CEA and CRO Forum on common reporting formats  
[www.ceiops.eu/content/view/22/26/](http://www.ceiops.eu/content/view/22/26/)
- 21 CEIOPS' Issues paper on System of Governance  
[www.ceiops.eu/media/docman/public\\_files/consultations/IssuesPaper-on-Governance.pdf](http://www.ceiops.eu/media/docman/public_files/consultations/IssuesPaper-on-Governance.pdf)  
CEIOPS' paper on risk management and other corporate issues  
[www.ceiops.eu/media/docman/public\\_files/publications/otherdocuments/CEIOPS-PII-11-07onRiskManagementandOtherCorporateIssues.pdf](http://www.ceiops.eu/media/docman/public_files/publications/otherdocuments/CEIOPS-PII-11-07onRiskManagementandOtherCorporateIssues.pdf)
- 22 CEIOPS' draft advice for level 2 implementing measures on Solvency II systems of governance  
[www.ceiops.eu/media/files/consultations/consultationpapers/CP33/CEIOPS-CP-33-09-Draft-L2-Advice-on-Governance.pdf](http://www.ceiops.eu/media/files/consultations/consultationpapers/CP33/CEIOPS-CP-33-09-Draft-L2-Advice-on-Governance.pdf)
- 23 CEIOPS' issues paper on Own Risk and Solvency Assessment  
[www.ceiops.eu/media/docman/public\\_files/consultations/IssuesPaperORSA.pdf](http://www.ceiops.eu/media/docman/public_files/consultations/IssuesPaperORSA.pdf)
- 24 CEIOPS' Advise on SPVs  
[www.ceiops.eu/media/files/consultations/consultationpapers/CP36/CEIOPS-CP-36-09-Draft-L2-Advice-on-Special-Purpose-Vehicles.pdf](http://www.ceiops.eu/media/files/consultations/consultationpapers/CP36/CEIOPS-CP-36-09-Draft-L2-Advice-on-Special-Purpose-Vehicles.pdf)
- 25 CEIOPS' Advice on Insurance Groups  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/AdviceInsuranceGroups.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/AdviceInsuranceGroups.pdf)
- 26 CEIOPS' website on supervisory disclosure for insurance groups  
[www.ceiops.eu/index.php?option=content&task=view&id=135&Itemid=202](http://www.ceiops.eu/index.php?option=content&task=view&id=135&Itemid=202)
- 27 Report-Initial review of key aspects of the implementation of the IORP Directive  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/ReportIORPdirective.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/ReportIORPdirective.pdf)
- 28 CEIOPS' Survey on fully funded, technical provisions and security mechanisms in the European occupational pensions sector  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/ReportonFundSecMech.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/ReportonFundSecMech.pdf)
- 29 European Commission's consultation on the harmonisation of solvency rules for IORPs subject to Article 17 of the IORP Directive and IORPs operating cross-border  
[http://ec.europa.eu/internal\\_market/consultations/docs/occupational\\_retirement\\_provision/consultation\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/occupational_retirement_provision/consultation_en.pdf)
- 30 CEIOPS' report on Outsourcing by IORPs  
[www.ceiops.eu/media/docman/public\\_files/publications/reports/Report-on-outsourcing-by-IORPs.pdf](http://www.ceiops.eu/media/docman/public_files/publications/reports/Report-on-outsourcing-by-IORPs.pdf)
- 31 CEIOPS' 2008 update to Report on Market Developments  
[www.ceiops.eu/media/docman/public\\_files/publications/reports/OPC-Report-Market-Developments2008.pdf](http://www.ceiops.eu/media/docman/public_files/publications/reports/OPC-Report-Market-Developments2008.pdf)
- 32 Memorandum of Understanding on Cooperation between the Financial Supervisory Authorities, Central Banks and Finance Ministries of the European Union on Cross-Border Financial Stability – June 2008
- 33 CEIOPS Report on issues regarding the valuation of structured credit products  
[www.ceiops.eu/media/docman/public\\_files/publications/reports/CEIOPS-DOC-30-08%20CEIOPS%20Report%20on%20Valuation%20Issues%20\\_20080819\\_.pdf](http://www.ceiops.eu/media/docman/public_files/publications/reports/CEIOPS-DOC-30-08%20CEIOPS%20Report%20on%20Valuation%20Issues%20_20080819_.pdf)
- 34 CEIOPS' Report on Risk Management Standards on Assets  
[www.ceiops.eu/media/files/publications/reports/Report-Risk-Management-Standards-Assets.pdf](http://www.ceiops.eu/media/files/publications/reports/Report-Risk-Management-Standards-Assets.pdf)
- 35 CEIOPS Protocol on the Review Panel  
[www.ceiops.eu/media/docman/public\\_files/publications/protocols/CEIOPS-DOC-28-08-Protocol-Review-Panel.pdf](http://www.ceiops.eu/media/docman/public_files/publications/protocols/CEIOPS-DOC-28-08-Protocol-Review-Panel.pdf)
- 36 CEIOPS' Methodology for Peer Review  
[www.ceiops.eu/media/docman/public\\_files/publications/protocols/CEIOPS-DOC-29-08-Methodology-Peer-Review.pdf](http://www.ceiops.eu/media/docman/public_files/publications/protocols/CEIOPS-DOC-29-08-Methodology-Peer-Review.pdf)
- 37 The Review Panel's Work Programme 2009  
[www.ceiops.eu/media/files/ReviewPanel/Review-Panel-Work-Plan-2009.pdf](http://www.ceiops.eu/media/files/ReviewPanel/Review-Panel-Work-Plan-2009.pdf)
- 38 General Protocol relating to the Collaboration of the Insurance Supervisory Authorities of the Member States of the European Union  
[www.ceiops.eu/content/view/19/23/](http://www.ceiops.eu/content/view/19/23/)
- 39 CEIOPS Conclusions on Possible Amendments to the IMD/ Luxembourg Protocol  
[www.ceiops.eu/content/view/19/23/](http://www.ceiops.eu/content/view/19/23/)
- 40 CEIOPS proposal for a definition of cross-border provision of services under the IMD  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/CEIOPS-DOC-15-07%20-%20Proposals%20Definition%20FOS%20under%20IMD.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/CEIOPS-DOC-15-07%20-%20Proposals%20Definition%20FOS%20under%20IMD.pdf)



- <sup>41</sup> CEIOPS' reply to the European Commission regarding their Call for Evidence on Substitute Retail Investments Products  
[www.ceiops.eu/media/docman/public\\_files/publications/submissionstotheec/CEIOPS-SEC-01-08%20CEIOPS%20Reply%20EC%20CFE%20Substitute%20prod%20\\_20080118.pdf](http://www.ceiops.eu/media/docman/public_files/publications/submissionstotheec/CEIOPS-SEC-01-08%20CEIOPS%20Reply%20EC%20CFE%20Substitute%20prod%20_20080118.pdf)
- <sup>42</sup> Joint Statement from CESR, CEBS and CEIOPS regarding the latest developments in accounting  
[www.ceiops.eu/media/docman/public\\_files/publications/otherdocuments/3L3-Statement-IAS39-IFRS7.pdf](http://www.ceiops.eu/media/docman/public_files/publications/otherdocuments/3L3-Statement-IAS39-IFRS7.pdf)
- <sup>43</sup> Draft CEIOPS' advice for level 2 implementing measures on Solvency II: valuation of assets and "other liabilities"  
[www.ceiops.eu/media/files/consultations/consultationpapers/CP35/CEIOPS-CP-35-09-Draft-L2-Advice-on-Valuation-of-Assets-and-'Other%20Liabilities'.pdf](http://www.ceiops.eu/media/files/consultations/consultationpapers/CP35/CEIOPS-CP-35-09-Draft-L2-Advice-on-Valuation-of-Assets-and-'Other%20Liabilities'.pdf)
- <sup>44</sup> CEIOPS' comments letters on IASB Discussion Papers  
[www.ceiops.eu/content/view/21/25/](http://www.ceiops.eu/content/view/21/25/)
- <sup>45</sup> The revised Commission Decisions establishing the Committees, published in January 2009, explicitly requires 3L3 cooperation.
- <sup>46</sup> Joint protocol on co-operation between CESR, CEBS and CEIOPS  
[www.ceiops.eu/media/files/publications/protocols/cooperation\\_3l3\\_protocol.pdf](http://www.ceiops.eu/media/files/publications/protocols/cooperation_3l3_protocol.pdf)
- <sup>47</sup> Joint 3L3 paper on the common understanding of information requirements under European Regulation 1781/2006  
[www.ceiops.eu/media/docman/public\\_files/publications/standardsandmore/CEBSAMLTF.pdf](http://www.ceiops.eu/media/docman/public_files/publications/standardsandmore/CEBSAMLTF.pdf)
- <sup>48</sup> Directive 2007/44/EC of the European Parliament and of the Council of 5 September 2007 amending Council Directive 92/49/EEC and Directives 2002/83/EC, 2004/39/EC, 2005/68/EC and 2006/48/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and increase of holdings in the financial sector (Text with EEA relevance)

## ★ Imprint

### CEIOPS e.V.

Secretariat:

Westhafen-Tower

Westhafenplatz 1

60327 Frankfurt

Germany

Phone: +49 (0) 69 9511 1920

Fax: +49 (0) 69 9511 1919

Email: [secretariat@ceiops.eu](mailto:secretariat@ceiops.eu)

Website: [www.ceiops.eu](http://www.ceiops.eu)

Comments on the report would be gratefully received and should be sent to [secretariat@ceiops.eu](mailto:secretariat@ceiops.eu)

Concept and realisation:

Wolkenkratzer GmbH

[www.agenturwolkenkratzer.de](http://www.agenturwolkenkratzer.de)