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Internal Market DG

Director-General

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Mr. Henrik BJERRE-NIELSEN  
Chairman of CEIOPS  
Director-General  
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**Subject: Solvency II – Third Wave of Specific Calls for Advice**

Dear Henrik,

At the meeting of the Insurance Committee on 8th April 2005, Members discussed and agreed the third wave of specific calls for advice to CEIOPS. The draft calls for advice had been circulated for consultation in advance of the meeting and have been substantially supported by Member States, industry and other stakeholders. The enclosed final calls for advice have taken account of the comments received.

***Background to CEIOPS advice***

Technical advice from CEIOPS is requested in the context of the Commission preparing a proposal for a Framework Directive and subsequent implementing measures. CEIOPS' advice is provided without prejudice to the Commission's right of initiative to propose EU legislation, and indeed must respect the institutional framework and balance determined by the Community co-legislators, namely, the European Parliament and the Council.

Given that the target deadline for the preparation of the Framework Directive is mid-2006, the deadlines established for the calls for advice are challenging. The Commission recognises that the first advice of CEIOPS will have to focus on issues particularly relevant to the preparation of the Framework Directive. Many of the topics addressed in the calls for advice will require more in-depth examination at a later date within the scope of the preparation of implementing measures. Consequently, at this stage CEIOPS' advice is not expected to address all technical aspects exhaustively.

### ***Third wave of specific calls for advice from CEIOPS***

CEIOPS has manifestly a crucial role to play in the successful development of the Solvency II project, particularly under a Lamfalussy approach. In order to assist the Commission in the development of the new Solvency II system, the Commission is seeking advice from CEIOPS and other stakeholders. The provision of this advice has been structured through the Framework for Consultation presented in July 2004, setting out the policy guidelines and principles within which CEIOPS should develop its advice, and three waves of specific calls for advice from CEIOPS addressing specific areas of work important for Solvency II. The first wave of calls for advice was sent to CEIOPS in July 2004, the second wave in December 2004.

The third wave of advice includes the following work areas of the Solvency II project:

#### **Request No.    Area of Work**

19	Eligible elements to cover the capital requirements
20	Cooperation between supervisory authorities
21	Supervisory reporting and public disclosure
22	Procyclicality
23	Small undertakings

### ***Reporting and deadline for advice***

CEIOPS and the Commission Services have already agreed that regular progress reports should be provided to the Commission at four monthly intervals. Technical advice (under the third wave of specific calls for advice) in relation to the preparation of the Framework Directive should be provided by 28 February 2006. Given the desirability of maintaining flexibility to cater for differing situations, we would propose that the precise format of progress reports be subject to CEIOPS discretion.

### ***Solvency II road map and policy debate in the IC***

As the Solvency II work is entering into a very active phase with numerous parallel activities, the Commission Services have prepared a roadmap document outlining major milestones towards the preparation of the Framework Directive(s). This document will be updated if needed during the course of the Solvency II project.

The Commission Services have also prepared a discussion document on overarching policy issues for the Solvency II project. This document has been discussed in the Insurance Committee as well as in its Solvency Subcommittee and it is now out for public consultation until 13 May 2003. This document proposes a number of amendments to the Solvency II "Framework for Consultation" that may be of crucial importance to CEIOPS when preparing answers to the specific calls for advice. The Commission Services aim at finalising the amendments in June 2005, and they will subsequently be sent to CEIOPS.

## *Transparency*

Throughout the discussion between the European Parliament and the Council, great emphasis has been placed on maximum transparency. Therefore, I should also like to suggest that my letter and CEIOPS response be made available on our web sites.

Should you have any queries on the third wave of specific calls for advice, please let me know.

We look forward to working closely together with CEIOPS in the coming years on the Solvency II project.

Yours sincerely,



Alexander SCHAUB

Annexes: Specific calls for advice (Third wave: Request nos. 19-23)

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