



EUROPEAN COMMISSION

Internal Market and Services DG
Director-General

Brussels, 22 11. 2011
MARKT/H2/CP/KVH/(2011)1304545
FS/050.105/0021

Mr Gabriel Bernardino
EIOPA
Westhafenplatz 1
60327 Frankfurt am Main
Germany

Dear Mr Bernardino,

Dear Gabriel

I would like to thank you for your letter of 26 October 2011 and the accompanying assessments on the equivalence of the Swiss, Bermudan and Japanese solvency and prudential regimes. The delivery of these assessments is an important milestone in the Solvency II workstream on equivalence and sets an important precedent for future equivalence assessments. The comprehensiveness of the reports has been commented on by several stakeholders and the quality of EIOPA's reports should be commended.

The assessments are based on the principles and objectives contained in EIOPA's (formerly CEIOPS) level 2 advice. Although these principles and objectives are broadly consistent with the criteria that are envisaged for the level 2 implementing measures, there may be changes in the criteria that are finally adopted. I therefore welcome EIOPA's commitment to revisit each of the reports once the final level 2 implementing measures have been agreed in order to verify whether any amendments to the criteria change the conclusions reached by EIOPA.

I also welcome the commitment to consider, at the same time, whether any changes made to the Swiss, Bermudan and Japanese solvency and prudential regimes affect the conclusions reached in the reports. This is particularly important since the reports include a number of examples where these third countries are currently in the process of reviewing or revising one or more aspects of their regimes.

Once this review is complete, the Commission will take its decisions on the equivalence of those third countries. Based on the current timetable, this is likely to be during the first half of 2013.

Another important part of the Solvency II equivalence workstream relates to transitional measures. It is likely that the Omnibus II directive will introduce a transitional regime for Solvency II equivalence.

I thank you for your offer to assist the Commission with this work. I see EIOPA's contribution being as follows:

- 1) Carrying out an assessment of whether persons working for, or on behalf of, the supervisory authorities are bound by obligations of professional secrecy which are equivalent to those established under Solvency II;
- 2) Identifying the areas where the third country supervisory regime does not currently meet the equivalence criteria.

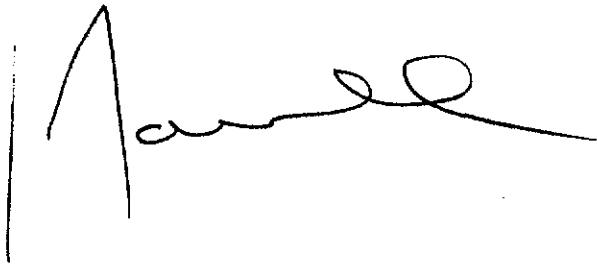
In relation to the second point, I would like to stress that the Commission only expects a high level analysis and does not expect the same level of detail as would be required for a full equivalence assessment. EIOPA's input on the second point should include the additional steps that would need to be taken by the third country supervisory regime in order for the equivalence criteria to be met.

The Commission Services have identified a list of approximately 16 third countries that are potential candidates for a transitional regime. This list takes into account the relevance of the third countries' insurance sector to the EU insurance sector and vice versa and the extent to which third countries have expressed an intention to move towards a risk-based solvency regime.

The Commission Services are currently engaging in discussions with these third countries to gauge their interest in being part of a transitional regime. We hope to be able to provide EIOPA with a final list of third countries for which the above assessments should be carried out by the end of January 2012. These assessments should ideally be completed by the end of 2012, in order to allow for Commission decisions to be taken in mid 2013.

Finally, I would like to thank you again for EIOPA's continued hard work on this important aspect of the Solvency II regime and welcome your further cooperation as the equivalence discussions move into the next phase.

Yours sincerely,

Kind regards, 

Jonathan Faull

Contact:

Charlotte Paterson, Telephone: (32-2) 296 34 60, charlotte.paterson@ec.europa.eu