Dear Sir or Madam,

Please find the response from Estonian Insurance Association below. We confirm our agreement on publishing it.

1. General position in respect of the issues raised in the Consultation Paper

If to look at the initiative in the context of insurance sector, the reasoning behind remains unclear to us, because major legislative change, known as Solvency 2, is expected to cover all the details described in the Consultation Paper. The respective legislative initiative is in delay and as a result the insurance industry, as well as its customers and the public in wider sense, have already lost a lot in terms of additional costs without any remarkable benefit to anybody for the time being. At present all the efforts shall be made on implementing Solvency 2 in full at first and at the soonest possible time. Any new regulatory initiative can be discussed only thereafter and upon real need. Otherwise there is a danger of spending taxpayers money for no benefit to any party concerned.

2. Response to the concrete questions

Please note that our response is limited to the Section 4 "Insurance and Reinsurance firms" only.

Questions:
1. Are the resolution tools applicable to traditional insurance considered above adequate? Should their articulation and application be further specified and harmonised at EU-level?

[EKSL] Yes. Harmonisation is welcome. However, it must come together with full implementation of Solvency 2 and possible follow-up activities after implementation, but in no way through any parallel initiative before implementing this regulatory change.

2. Do you think that a further framework of measures and powers for authorities, additional to those already applicable to insurers, to resolve systemically relevant insurance companies is needed at EU level?

[EKSL] This question can be properly answered only after full implementation of Solvency 2.

3. In your view, which scenarios/events might lead to the need to resolve a systemically relevant insurance company? Even before that, which types of scenarios systemic insurers and authorities need to be prepared for which may imply the need for recovery actions if not yet resolution?

[EKSL] We recognize strong trend towards increase in number of branches. As long as the supervision is not fully harmonised on EU level and very good transparency on host basis is not assured, there is
in line with this trend an ever increasing systemic risk related to international groups. In extreme cases such groups may play a leading role, become systemically relevant players in the form of branch in the specific host markets even if the respective insurers are small players at a home base. As a result the host markets may be exposed to the major risks upon default of such insurer. Therefore, in line with Solvency 2 implementation one critical aspect to be properly covered is EU-wide fully harmonised supervision together with assuring very good transparency on a host market level. All the necessary and adequate measures shall be in place in order to resolve upon need such insurance groups. But as said, the measures are already foreseen by Solvency 2 and any additional measures could be developed upon need only after full implementation of above legislative framework.

*Questions 4-15*

[EKSL] All the details described are sufficiently regulated in Solvency 2 regulation and no additional measures shall be foreseen for the time being.

Your sincerely,

Andres Piirsalu

Eesti Liikluskindlustuse Fond / Eesti Kindlustusseltside Liit

[http://www.eksl.ee](http://www.eksl.ee)

Board Member

ph +372 667 1800