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To: Dr. Thomas Steffen
Chairman CEIOPS
Westhafenplatz 1
60327 Frankurt am Main
GERMANY

cc: Mr Gabriel Bernardino – Chair CEIOPS Working Group

Subject: European Harmonisation of Reporting Formats

Brussels, 24 June 2008

Dear Thomas,

I write to you in response to your letter on "European Harmonisation of Reporting Formats". The CEA and its members are pleased to contribute to what you rightly call "the challenging exercise of harmonisation of supervisory formats".

First we take this opportunity to restate that harmonisation of supervisory reporting is an important target for European insurers. One of the main reasons is that this harmonisation would streamline the European supervision and reduce the cost of regulatory compliance (in particular for Pan-European groups). Another reason is that this harmonisation is an important tool to facilitate the dialogue between supervisors, and hence foster convergence across supervisory approaches.

However, as the Solvency II framework directive is currently in the European legislative process, we agree that harmonisation should be made in that context and thus we strongly recommend that the timetable for harmonisation of supervisory formats should be aligned with the Solvency II framework directive.

One important reason for aligning the two time tables is the fact that, at this stage, supervisory and accounting frameworks and practices are not fully harmonised across jurisdictions. Therefore, data used for supervisory reporting are not harmonised either. Hence, harmonising the format in advance of Solvency II would add little value if one of the objectives is to have comparable figures.

In addition, harmonisation of supervisory reporting is a challenging exercise where quality is more important than speed. This quality will most likely be better achieved within the timing and in the context of the Solvency II framework directive, which will then provide a sound, legally binding basis for supervisory reporting for all insurers.

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Indeed, the Solvency II framework directive includes the review of supervisory reporting under Pillar 3. It will, as you know, introduce a complete new way European insurers are supervised, with new information to be reported, meaning new systems to be put in place to collect, elaborate and present data. This represents a significant investment (in terms of time and costs). If new rules on harmonised formats were to be developed with an alternative timetable or in advance of Solvency II European insurers and supervisors would run the risk of having two consecutive changes in a short period of time. It seems however questionable to develop harmonised reporting standards on a voluntary, non-binding basis and to incur additional costs on systems in advance of Solvency II for a period of application of only a few years.

On the nature of the focus to be given, we support a sectoral focus. We believe that insurance and reinsurance businesses have significant specificities. However, for same products/risks across sectors, it would appear reasonable to have reporting requirements of similar nature. Thus, in developing Solvency II, coordination between the L3 Committees will be important.

In conclusion, I confirm that we agree we should immediately start working on harmonised formats but in the context of the Solvency II framework directive. I confirm that CEA is fully committed to assist you on this important matter.

I hope these comments will be useful and remain at your disposal for any further information you might need.

Best regards,

Michaela Koller

Michaela Koller

Annex: /