Press Release

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SOLVENCY II IS GOING LIVE

- *All stakeholders including consumers will benefit from the new risk-based regime.*
- *Solvency II is a modern, robust and proportionate supervisory framework.*

Frankfurt, 4 January 2016 – As of 1 January 2016 the new risk-based European supervisory framework for insurance – Solvency II – has become applicable.

Solvency II will result in a paradigm shift in companies' risk cultures. Well capitalised insurers will enable the sector to withstand unforeseen shocks. By fostering good governance and risk management, Solvency II will enhance protection of consumers of insurance products. Harmonised reporting and disclosure will provide supervisors with key information and enable their timely action. The new regime will however not be a burden for smaller companies, thanks to its proportionality principles.

Gabriel Bernardino, Chairman of EIOPA, said: "*Without a risk-based approach the European insurance supervision would be lagging behind international trends. Now with Solvency II a modern, robust and proportionate supervisory regime will be implemented. This is a huge step forward for enhanced policyholder protection and the single European insurance market*.

Solvency II is the result of productive political and legislative negotiations over many years by the European Parliament, Commission and Council. But it also reflects the work of EIOPA's Board of Supervisors, which always kept the momentum to ensure preparations for Solvency II could be undertaken in timely fashion. With the efforts of the National Competent Authorities (NCAs), Solvency II can now become reality in each Member State.

Also on the side of the insurance and reinsurance companies hard work was done and the good level of preparedness for Solvency II is a sign of their success.

However, this is not a time for complacency. The regulatory phase of the journey is ending. Now EIOPA starts a new journey - towards consistent and convergent implementation of Solvency II across Europe".

A new section "Solvency II - going live!" has been launched on EIOPA's website to explain the benefits of the new framework for European citizens and the EU economy.

Note for Editors:

The **purpose of Solvency II** is to **ensure financial stability** and **enhance consumer protection** on the insurance market.

The **main benefits of Solvency II** are:
- Better understanding and more efficient mitigation of risks by companies through an economic market consistent valuation of assets and liabilities.
- Robust risk management through an internationally best practise own risk and solvency assessment and risk based capital requirements.
- Robust governance within companies through clear definition of key functions.
- Enhanced consumer protection introducing harmonised transparent reporting.
- Adequate information allowing timely supervisory intervention.
- Harmonised reporting and disclosure allowing for comparability of data across the European Union.

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011.

EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.

EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.