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Committee on Economic and Monetary Affairs
The Chair

306043 01.04.2015

Mr Jonathan Hill
Commissioner for Financial Stability,
Financial Services and Capital Markets
Union
European Commission
Rue de la Loi 200
B – 1049 Bruxelles

Dear Commissioner,

On 17 January 2015, the Delegated Regulation supplementing the Solvency II Directive (Directive 2009/138/EC) was published in the Official Journal. It provides a good first step in providing legal certainty for all those affected by this legislation. Although Parliament rejected a motion for resolution to object to this Delegated Regulation, the ECON Committee still had some concerns on a number of issues, which were communicated to you by letter of 19 December 2014. You responded to this letter on 27 January 2015. ECON Coordinators generally expressed some disappointment, again, with the level of political engagement you display in this response. It is therefore important to understand the political direction you want to take and the associated timing. The concerns are the following:

1. It is not clear why the Commission was not able to include in the published version the minor technical corrections (point I of our letter), but your commitment to make the corrections at the earliest opportunity is well appreciated. It is understood that an amendment to the Delegated Regulation is being prepared to be adopted as soon as possible, and it is expected that the corrections are included at that stage.
2. Some disappointment exists in particular with your answer on sub-tiers (point II.3), as the political agreement concluded in the trilogue and which we expect the Commission to respect, makes it clear that the concept of sub-tiers is rejected. Given that you admit that the impact is marginal, it would be most appropriate to use the upcoming amendment of the Delegated Regulation to rectify this political mishap.
3. I am very happy to note that you share our concern for the application of the proportionality principle (point III.3). It is useful to reiterate that Solvency II is not designed to clean up the market, forcing smaller players to exit. The principle applies to all provisions and should not be seen as exemptions.
4. Your services have communicated the intention to adopt as soon as possible two Delegated Acts in the area of third country equivalence (point III.5): one act for Switzerland confirming equivalence for reinsurance, group solvency calculation and group supervision, and one act for Australia, Bermuda, Brazil, Canada, Mexico and the US confirming provisional equivalence for group solvency calculation. Without commenting on the countries chosen and their equivalence status, as it is more appropriate to do so once a draft is presented, the Committee reiterates its

position that these Delegated Acts are to be presented in a separate manner, per third country and per area, and I urge you to present the drafts before the end of this month.

I also take this opportunity to thank you for your response to my letter of 18 December 2014 on international capital standards in insurance, to which I may come back in the near future.

Yours sincerely,



Roberto Gualtieri