

Press release
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Last call for captive owners to influence Solvency II

The owners of all 500+ European captive insurance companies should participate in the final consultation on the technical implementation of Solvency II to demonstrate the substantial value of captives to European business and why they need specific treatment under the directive.

This call comes from the Federation of European Risk Management Associations (FERMA) and the European Captive Insurance and Reinsurance Owners' Association (ECIROA). They are stakeholders selected by the European Commission to take part in what is known as the fifth quantitative impact study (QIS 5) on Solvency II.

QIS 5, expected to take place between August and October 2010, will propose the final test for the full solvency calculation requirements under Solvency II. FERMA and ECIROA are together providing comments on the draft technical specifications. They argue that although the Commission accepted the need for proportionate regulation for captives in framing Solvency II, the implementation proposals so far put forward by the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) would actually impact most captives negatively through limited access to simplification measures.

FERMA and ECIROA say that the capital and corporate governance requirements as now proposed are inappropriately onerous for captives. In their call to captive owners to participate in QIS 5, they state:

A large number of responses will show the specificities of captives and why they require special treatment :

- The standard formulas are intended to be a conservative calculation of the solvency capital requirement and are not appropriate for captives. We want to propose simplifications, but we need data to support them.
- The captive data from the QIS4 was not representative of the captive industry - only 99 out of around 550 European captives participated and 69 of these were Luxembourgish.
- The Solvency II regime requires the board of directors of captives to understand the models used for the solvency calculation. QIS 5 will be the final exercise before implementation and this is an opportunity for boards to ensure they are compliant before the law comes into force.

FERMA, ECIROA and a group of actuaries which has been assisting them have organised a webinar for members on 18 June 2010.



FEDERATION OF EUROPEAN RISK MANAGEMENT ASSOCIATIONS



About FERMA

The Federation of European Risk Management Associations (FERMA) brings together 20 National Risk Management Associations in 18 European countries. FERMA has over 4,000 individual members representing a wide range of business sectors from major industrial and commercial companies to financial institutions and local government organisations. FERMA's members play a crucial role within their companies with respect to the management and treatment of complex risks and insurance issues.

Member associations are from the following countries: Belgium (BELRIM), Bulgaria (BRIMA), Czech Republic (ASPAR CZ), Denmark (DARIM), Finland (FinnRiMa), France (AMRAE), Germany (Bfv & DVS), Italy (ANRA), Netherlands (NARIM), Norway (NORIMA) Poland (POLRISK), Portugal (APOGERIS), Russia (RusRisk), Spain (AGERS and IGREA), Sweden (SWERMA), Switzerland (SIRM), Turkey (ERMA) and United Kingdom (AIRMIC).

About ECIROA

The European Captive Insurance and Reinsurance Owners' Association was founded in August 2008. The association has its objective the protection and support of the captive industry as well as representation of its members in discussions with official, regulatory bodies. The Association is aimed at being a forum for captive owners where they can exchange experience across borders, business sectors or lines of insurance business. Its members are companies and multinational groups owning European captive(s). More information can be found on www.eciroa.org.

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