

The Knowledge Solvency II TIMELINE

Drafting, re-drafting and delay

Solvency II has emerged as a piece of regulation through various twists and turns over the past nine years. Consultation, drafting, lobbying, re-drafting and delays are the substance of the EU-wide project, as insurers and regulators seek to make the law as robust and effective as it can be.

The UK industry has largely been on the front foot since the beginning, and has been a vocal and dynamic force in helping to shape the rules. However, with the regulation set to be introduced across all 27 EU member states, including accession states like Bulgaria and Romania, the path to implementation has not always run smoothly.

The latest delay (mooted in a June 2011 update to Omnibus II, a directive introduced at the start of the year to amend several pieces of financial services legislation) could push implementation back by a year or more.

The suggestion is not particularly welcome to UK Solvency II project managers, who have all their resource and planning focused on the January 2013 deadline.

In a recent poll at Lloyd's, 90% of the market voted to press ahead on the current timetable. Lloyd's said that a delay at this point would be demotivating, add to costs, and provide ongoing distraction from business as usual.

FEBRUARY

Ceios formed
The Committee of European and Occupational Pensions Supervisors, the umbrella group for the insurance regulators of EU member states, and a key adviser throughout the Solvency II project, holds its first meeting.

JUNE

Consultation starts
The European Commission begins consulting on the proposals, including methods for calculating capital requirements.

MAY

Insurers like Solvency II
Consultancy Accenture says 78% of European insurers think proposed Solvency II rules will improve transparency and controls in managing risk and capital; and 62% expect better allocation of regulatory capital.

SEPTEMBER

Senior managers respond
A survey by Ernst & Young of senior managers shows that 20% believe their current capital models will comply with Solvency II, while nearly half of insurers believe their internal models need significant enhancement.

NOVEMBER

Results of QIS3
The third in an ongoing series of quantitative impact studies (QISs) designed to assess the impact of the Solvency II proposals on insurance companies, QIS3 showed that 98% of the 1,027 participating insurers had enough capital to cover the minimum capital requirement (MCR). But 16% would need to raise capital to cover the solvency capital requirement (SCR).

FEBRUARY

Revised draft framework directive
A revised draft proposal for the level 1 framework directive is published.

APRIL-JULY

Insurers submit to QIS4
QIS4 aims to study, among other things, the effect of Solvency II on the funds of individual insurers and groups. It summarises the value of assets and liabilities on a market consistent basis, and compares them with the proposed MCR and SCR.

JUNE

Internal models deadline
The deadline for UK firms to notify the FSA of their intention to seek internal model approval.

SEPTEMBER

Crisis point
Lehman Brothers files for Chapter 11. Calls to avoid a knee-jerk tightening of the screw on Solvency II come following the start of the financial crisis.

NOVEMBER

Results of QIS4
Participation in QIS4 exceeds European Commission targets, with more than 1,400 companies taking part.

APRIL

European parliament says yes
After an intense period of negotiation during 2008, on topics including group supervision and the treatment of stock holdings, the level 1 framework directive is finally adopted by the European parliament. Ceios now starts to prepare the level 2 implementing measures.

MARCH

Run-off to rise
A PricewaterhouseCoopers survey of senior insurance executives finds that 63% believe the new regulation will increase M&A, and 62% expect it to spark an increase amount of business in run-off. CEA, the European umbrella body for national insurer associations, challenges the changes put forward by Ceios to increase capital requirements, arguing that they are overly prudent.

MAY

Delay
Ceios, the committee of national regulators, is transposed into Eiopa (European Insurance and Occupational Pensions Authority), an organisation whose decisions carry more legal clout than its predecessor.

JULY

QIS5 kicks off
The QIS5 technical specification is published by the European Commission. Between August and November, insurance companies, including multinational groups, run QIS5 tests and give their results to their national supervisors.

OCTOBER

How to implement it
The European Commission presents proposed implementing measures for Solvency II.

JANUARY

Omnibus II comes out
The European Commission publishes the Omnibus II directive, amending several pieces of financial services legislation (including Solvency II) to reflect the powers given to the new EU financial services supervisory authorities.

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JANUARY

D-day
As things stand, the directive comes into force on 1 January 2013.

MARCH

National law
This is the current deadline for incorporation of Solvency II into national law.

2014

JANUARY

Delay?
At the rate things are going in Europe, January 2014 could be the new deadline

2012

Internal model approvals
The window will be open for UK firms to submit their internal models to the FSA for approval. The FSA has not said whether these dates will be affected by any further delay to implementation.

JUNE

Delay
Quite a few countries aren't ready, and now the French want an extension

Things pushed back a couple of months to align with year-end

2004

2006

2002

2008

2009

2010

2011

2013

Karel van Hulle at the European Commission is reported as saying that the original Solvency II deadline of January 2010 would be pushed back to 2012