



**Thomas Steffen (CEIOPS Chair)
Opening Speech**

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Introduction

A good morning to you all, from CEIOPS and the supervisory world of European insurance and occupational pension funds.

Whether it is actually a good morning these days seems to depend on what day it is, what time of the morning, and the perspective from which you speak. From a purely historical viewpoint, we have all seen better mornings than those of recent months. From CEIOPS' particular outlook, the perspective is at least mixed, with some cause for longer-term optimism amongst the gloom. I hope you will gain that from today.

I should first like to thank Mr. Rhein and the City of Frankfurt, for their permanent welcome and support. CEIOPS enjoys being here. We make the most of Frankfurt's facilities and attractions. So do our many Members and guests. CEIOPS has become an unofficial guide for them, to local hotels and restaurants. We do not charge them commission. I expect we will continue with our mutual help, for the foreseeable future.

Next, I am very pleased to welcome all of you. Today provides you with another remarkable CEIOPS programme. Our Speakers are among the most senior and experienced figures in the EU. They can offer us assessments, views and recommendations going forward, from the top. It is a privilege and a pleasure to have them with us.

For those of you not closely familiar with CEIOPS, may I introduce us as one of the three so-called EU Level 3 Committees of Supervisory Authorities for financial services. We cover the insurance and occupational pensions fields. Together with CEBS and CESR, we also work on cross-sector issues, where we share them with banking and securities. We have been deeply involved with the financial crisis, together with our Level 3 colleagues. Yet CEIOPS has its unique sector characteristics to distinguish us. These differ according to their specific insurance and pensions aspects.



Crisis

First, some words on the crisis.

- Effect on insurance and occupational pension funds so far limited compared with the most affected sectors and players.
- CEIOPS' close monitoring, rapid questionnaires and surveys to Members, swift and focused reporting to the EU political bodies, by CEIOPS' Expert Groups.
- CEIOPS' work on Solvency II, which I will come to next.
- Converged efforts with CEBS and CESR on EU and 3rd country exchanges.
- Constant updating and continuing high vigilance.

Anyway it should be clear that insurers as well as pension funds are important institutional investors and the longer the financial crisis lasts, the higher the probability of critical cases in insurance and pension funds will be, through indirect effects, contagion lines between sectors and the decline of the economy. CEIOPS had been working and will continue to work on lessons to be learned for enhanced crisis management and coordination within colleges as well as crisis prevention in the frame of the Solvency II project.

Insurance

CEIOPS may be currently best known for its contributions to the EU Solvency II project, the proposed new regulatory regime for insurance. This has spanned most of CEIOPS' existence, since its foundation a few years ago. The monumental work by all involved parties continues throughout times of stress, as well as during 'business-as-usual'. The extreme events of the crisis have given CEIOPS an opportunity to take into account the full economic reality of key factors for any new prudential framework.

- Level 1 position, Framework Directive Proposal under political negotiations, some open political issues, no longer for CEIOPS to comment on those.
- Level 2 implementing measures, CEIOPS' main work.
- QIS4, Report issued and presented today.
- CEIOPS' review of its contributions to date and lessons to be learnt, from the perspective of the current crisis, also for appropriate consistency with CRD, any work limited to Level 2.
- Ongoing work, adjustments for some recent stress effects.



Occupational pensions

It has been a busy year for CEIOPS in the field of occupational pensions as well. For those of you not involved in the sector, earlier this year CEIOPS published two important reports: the "Initial review of key aspects of the implementation of the IORP Directive" and a "Survey on fully funded, technical provisions and security mechanisms in the European occupational pension sector." Both reports reveal a considerable diversity in the way the provisions of the IORP Directive have been implemented by European Member States.

- Occupational pensions (IORPs) have been explicitly excluded from the scope of the Solvency II Framework Directive.
- At the same time, the European Commission is consulting on the harmonisation of solvency rules for those IORPs which constitute Regulatory Own Funds, i.e. those subject to Article 17 of the IORP Directive; and all IORPs which operate on a cross-border basis. The consultation ends shortly, on 28 November 2008. CEIOPS future work in this area will be determined in the light of the results of this consultation.
- As for any spill over effects of the current financial crisis on occupational pensions, CEIOPS recognises the distinction between funding risks that may impact more generally on schemes and sponsoring entities in DB arrangements, and those which fall more directly on members and beneficiaries of DC arrangements as a result of falls in fund values. However, CEIOPS also recognises that occupational pensions are a long term business and require a long term supervisory perspective and solutions.
- CEIOPS will continue to review Member States' approach to current market conditions through its Financial Stability Committee, working closely with the Occupational Pensions Committee in this respect.

Other

No overview of CEIOPS' activities would be complete without reference to our global contacts. The upheavals in financial markets have intensified our already active liaison with US and Far East counterparties. We are still young as an international organization. So while some openings are becoming routine, such as with our neighbouring Swiss supervisory colleagues, others are still being opened, such as with South American Supervisory Authorities.



We think these firmly belong in an organization with 'European' in its title. Not only is CEIOPS' supervisory perspective as worldwide as its twin-sector businesses. We cannot afford to ignore developments beyond the EU, just as those jurisdictions should not fail to take note of ours. This was clearly evident before the current crisis. It is all the more so, now.

CEIOPS' outlook is therefore mixed, as I have said. Our concerns for a better supervisory financial environment are combined with some confidence in aspects of our present regime which reflect good law and practice. With those, we concentrate heavily on greater cross-border convergence, as well as cross-sector. These are fully set out in our Annual Report, available in hard copy, and on our ever-expanding website, where you will find all CEIOPS' public information.

Keynote Speech

Finally, I have the honour to introduce our distinguished Keynote Speaker. Unfortunately Xavier Musca for the French Presidency is unable to be with us today, due to a last minute commitment. We are very pleased to have Sharon Bowles, who is very much with us. She is a UK Member of the European Parliament, and member of the Parliament's Economic and Monetary Affairs Committee. In her spare time, she is the ALDE Group Shadow Rapporteur on the Solvency II project. We welcome you to CEIOPS again, and to Frankfurt. The floor is yours.