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SO7

Abbreviations commonly used in 7 Days

Alert/News: Sackers Extra publications (available from the client area of our website or from your usual contact)

DB: Defined benefit

DC: Defined contribution

DWP: Department for Work and Pensions

FSA: Financial Services Authority

HMRC: HM Revenue & Customs

PPF: Pension Protection Fund

TPR: The Pensions Regulator

SOLVENCY II

CEIOPS – Update

Following the adoption in November 2009 of the [Solvency II Directive](#) (reported in 7 Days on 23 November 2009), the prudential regulation of insurance and reinsurance companies across the European Economic Area (EEA) is set to be modernised in 2012.

One of the aims of the Directive is to ensure a more consistent solvency standard across all markets. It provides the legal foundation for the new regime and replaces Solvency I.

Among the latest developments in the Solvency II Project:

- on 8 April 2010, the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) sent its final set of [advice](#) on the Solvency II Level 2 implementing measures to the European Commission; and
- on 15 April 2010 by the publication of its "[Solvency II Calibration Paper](#)". The Calibration Paper is the main supporting document for its Level 2 advice on calibrations, including the solvency capital requirement (SCR).

The Directive requires Member States to implement the Solvency II regime must implemented in Member States by 31 October 2012. However, it has recently been suggested (in [draft minutes](#) of the European Insurance and Pensions Committee's (EIOPC) meeting of 26 November 2009) that implementation will be delayed until 1 January 2013 to tie in with many insurance companies' accounting years although this has not been confirmed by formal announcement.

FSA publishes third Solvency II IMAP update

The FSA has published [final update](#) in a series of three which are intended to help firms prepare for Solvency II and the "internal model approval process" (IMAP). Under Solvency II, firms may elect to use an approved internal model to calculate their SCR.

Firms wishing into use their internal model from the start of the Solvency II regime are being asked to submit their formal application between November 2011 and April 2012, and the latest update focuses on the pre-application phase of the IMAP.

THE PENSIONS REGULATOR

Guide for employers on workplace pension reform

TPR has published [an introduction to work-based pension changes](#), which is designed to give employers a brief overview of the reforms which are due to come into force in October 2012.

Among other things, the guide covers:

- the new employer duty to enrol employees automatically into a qualifying workplace pension scheme;
- the level of contributions that are required from employers; and
- the option of using an existing pension arrangement to meet this new duty.