European
Commission Att:
Nathalie Berger

Date: 08.05.2018
Our ref.: 16-324

Comments on EIOPA's advice to the European Commission on Solvency II and interest rate risk

With reference to EIOPA's second set of advice to the European Commission on specific items in the Solvency II delegated regulations dated February 28th 2018. We would like to draw your attention to the subject of interest rate risk, and EIOPA's proposal for the "shifted approach".

Finance Norway wants to underline the importance of calibrating the approach in a way that is consistent for all currencies involved, and within a probable scope. In our view, EIOPA's proposal is based on, for some currencies such as NOK and SEK, a too narrow and simplistic assessment, leading to a too conservative calibration. EIOPA's proposed interest rate seems to overestimate the likelihood of low interest rates for the full range of maturities.

To this end, we enclose a technical paper analyzing EIOPA's assessment, highlighting the points we believe should be revisited.

Finance Norway appreciates the complexity of the issue, but wants to underline the importance of a full and comprehensive impact assessment for all affected currency areas. Our concern is that substantial increase in capital demands for following too prudent a calibration will impact the insurers' ability to invest in the real economy.

Finance Norway shares the views put forward in Insurance Europe's letter of May 4th, 2018, on this subject.

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Finance Norway

We thank you for your attention and look forward to hearing from you.

Yours sincerely
Finance Norway

Stefi Kierulf Prytz
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CC:
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