



ACA EXPRESSES GRAVE DISQUIET OVER EUROPEAN PENSIONS IMPACT STUDY

5 July 2012 - The Association of Consulting Actuaries (ACA) has expressed 'grave disquiet' over the content of a consultation on the impact of potential new solvency rules for pension funds in Europe.

The European Insurance and Occupational Pensions Authority (EIOPA), on behalf of the European Commission, has just issued a highly technical 162 page consultation. Despite previous commitments, the detailed methodologies set out have largely been "cut and paste" from Solvency II for insurers, says the ACA.

Paul Kelly, Chairman of the ACA's International Committee comments:

"This has led to a hideously complex set of calculations with little room for professional judgement. Indeed EIOPA seems to believe that there is indeed only a restricted role for actuaries in this process.

"The ACA, along with other industry bodies and individuals will contribute to the consultation (which finishes at the end of next month) but the following points are clear.

"This consultation is about a Quantitative Impact Study ("QIS") of the Commission's main proposals. It is certainly "Quantitative" but it only deals with the technical specifications for calculating the elements of the system - technical provisions, solvency margins etc. However, it claims that any assessment of the main "Impact" - i.e. how much extra cash companies will need to contribute - is out of scope and left to the Commission to determine.

"We believe that no QIS on the impact of Solvency II on UK pensions is in any way adequate without an assessment of how it impacts on the large slices of the British economy ultimately owned by our EU partners - particularly French and German multinationals.

“It is concerning that the rules view Greek and German State bonds as equally secure.

The ACA believes that the European authorities have shown a lack of understanding of the pension challenges in seeking to apply rigid EU rules to an area where professional input is vital.

For further details:

Paul Kelly	07989 337103	
Andrew Vaughan	020 7776 2200	
Steve Leake	01483 540300	
David Robertson	020 3207 9380	(M: 07919 911380)

Note for Editors

About the Association of Consulting Actuaries (ACA)

The **Association of Consulting Actuaries (ACA)** is the representative body for consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body. The ACA has 1,750 members working in around 75 firms. ACA Members are all qualified actuaries and all actuarial advice given by members is subject to the Actuaries’ Code. The ACA forms the largest national grouping of consulting actuaries in the world.