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At a glance

LEGISLATION

- The Equality Act 2010 (Commencement No. 5) Order 2011

ASSOCIATION OF BUSINESS INSURERS

- New ABI guide to help customers shop around for an annuity

EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

- EIOPA publishes Solvency II Medium Term Work Plan

EUROPEAN UNION

- European Commission proposes amendments to Solvency II Directive

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

- Good practices for pension funds' risk management systems

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)

ABI: Association of British Insurers

DB: Defined benefit

DC: Defined contribution

DWP: Department for Work and Pensions

HMRC: HM Revenue & Customs

HMT: HM Treasury

NEST: National Employment Savings Trust

PPF: Pension Protection Fund

TPR: The Pensions Regulator

LEGISLATION

The Equality Act 2010 (Commencement No. 5) Order 2011

These [regulations](#) bring into force various powers under the Equality Act 2010, including the power for the Government to issue regulations in connection with the duty of equality in the public sector.

The regulations also ensure that section 159 of the Act, which provides for positive action in recruitment and promotion, is brought fully into force on 6 April 2011.

ASSOCIATION OF BUSINESS INSURERS

New ABI guide to help customers shop around for an annuity

The ABI's latest "[Best practice guide for the retirement process](#)" sets out the principles which pension providers are expected to follow, as well as key requirements they must meet to help increase customers' understanding of retirement and to help them purchase the right annuity for their circumstances.

The guide makes it clear that providers must encourage customers to shop around before offering them the opportunity to buy an annuity. It is expected that customers will be sent all the information they need to shop around in the four to six months before they retire, with no default automatic annuity offer made until six to ten weeks before the individual's retirement date. The process is designed to ensure that individuals have sufficient time and information to allow them to shop around for the best annuity for them.

[ABI Press Release](#)

EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY (EIOPA)

EIOPA publishes Solvency II Medium Term Work Plan

The new European regulator for pensions and insurance (which was established with effect from 1 January 2011) has published its [Medium Term Work Plan on Solvency II](#).

Solvency II is the EU-wide initiative which is currently scheduled to come into effect in 2012. The aim of Solvency II is "to introduce a modernised, risk-based approach to the regulation of insurance companies whilst at the same time ensuring appropriate protection for policyholders."

The aim of the work plan (which covers the period 2011-2014) is to ensure efficient preparation ahead of implementation of Solvency II, while allowing EIOPA a smooth

transition from being an entity which until now has concentrated on the regulatory framework, towards a greater focus on day-to-day supervision.

EUROPEAN UNION

European Commission proposes amendments to Solvency II Directive

The EU Commission has proposed a limited set of [amendments](#) to the Solvency II Directive. These include:

- the provision of more specific tasks for EIOPA, such as ensuring harmonised technical approaches on the use of ratings in relation to the Solvency Capital Requirements;
- extension of the implementation date by two months, from 31 October to 31 December 2012, to ensure better alignment with the end of the financial year (31 December) for the majority of insurers and reinsurers; and
- certain transitional measures where deemed necessary to allow a smooth transition to the new regime under Solvency II.

The draft amending Directive will be sent to the European Parliament and the Council of the European Union for consideration.

[EU Commission Press Release](#)

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Good practices for pension funds' risk management systems

The OECD has published, jointly with the International Organisation of Pension Supervisors (IOPS), a [guide](#) to good practices for pension funds' risk management systems.

The document aims to outline the main features of risk management systems used by pension funds, including the role of management in the risk management process, as well as investment risk, funding risk and operational risk (including outsourcing) control, and the risk management mechanisms which might be in place (including monitoring and reporting).

The document also provides guidance for pension fund regulators and supervisors on how to check that such systems are not only in place but are operating effectively.