

**Comments Template on EIOPA-CP-11/006  
Response to Call for Advice on the review of Directive 2003/41/EC: second consultation**

**Deadline  
02.01.2012  
18:00 CET**

Company name:

.....The Trustees of the RNLI 1983 Contributory Pension Scheme (the "Scheme")

We are the Trustees to the IORP operated by the Royal National Lifeboat Institution (the "RNLI"). This is a cross-border scheme with members in the UK and the Republic of Ireland. This is a funded IORP subject to the UK regulatory requirements. This scheme was closed to new entrants on 31 December 2006.

The RNLI is the charity that saves lives at sea. We provide, on call, a 24-hour lifeboat search and rescue service and a seasonal lifeguard service. We are proud of our history and tradition and of the RNLI's achievement of saving lives over nearly two centuries.

The RNLI is an independent charity, and does not receive any funding from the UK government.

Disclosure of comments:

EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.

Public

*Please indicate if your comments on this CP should be treated as confidential, by deleting the word **Public** in the column to the left and by inserting the word **Confidential**.*

The question numbers below correspond to Consultation Paper No. 06 (EIOPA-CP-11/006).

**Please follow the instructions for filling in the template:**

- ⇒ Do not change the numbering in column "Question".
- ⇒ Please fill in your comment in the relevant row. If you have no comment on a question, keep the row empty.
- ⇒ There are 96 questions for respondents. Please restrict responses in the row "General comment" only to material which is not covered by these 96 questions.
- ⇒ Our IT tool does not allow processing of comments which do not refer to the specific question

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numbers below.

- If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.
- If your comment refers to parts of a question, please indicate this in the comment itself.

**Please send the completed template to [CP-006@eiopa.europa.eu](mailto:CP-006@eiopa.europa.eu), in MSWord Format, (our IT tool does not allow processing of any other formats).**

Question	Comment	
General comment	<p>Due to the short deadline for responses to the consultation, we have been able to respond only on the issues which are of highest importance to us.</p> <p>As Trustees of the Scheme our main concern is the security of members' benefits. As such we generally support the proposals put forward. However, we are very concerned at the impact the proposals may have on the RNLI (and more generally sponsoring employers of pension schemes).</p> <p>As such, we fully support the recommendation for a full cost / benefit analysis of the proposals.</p> <p>We strongly disagree that pension schemes should be treated in similar ways to insurance companies which are inherently very different entities.</p> <p>We believe that any consideration as to whether pension schemes should be subject to a "Solvency II" style regime should be postponed until there has been practical experience of the Solvency II Directive for insurers (which is not fully operational until January 2013). Unanticipated issues, which might be detrimental to pension schemes, members and the wider economy may emerge, and we do not believe that there is any compelling case for urgent action (if any).</p>	

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12.	<p><b><i>What is the view of the stakeholders on the holistic balance sheet proposal? Do stakeholders think that the distinction between Article 17(1) IORPs, 17(3) IORPs and sponsor-backed IORPs should be retained or removed?</i></b></p> <p>Under the holistic balance sheet proposal we strongly agree that account should be taken of the strength of the employer’s covenant if this proposal goes ahead. We are concerned at the possible difficulty for trustees in assessing an appropriate value to put on the strength of the employer’s covenant and that this could lead to delays in the valuation process and inconsistency between schemes where different trustees take different approaches.</p> <p>Additional costs on sponsoring employers of IORPS (and in the UK such costs will fall to sponsoring employers either directly or through the funding requirements) should be avoided as pension benefits are already expensive to provide.</p>	
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21.	<p><b><i>What is the stakeholders' view on the two options presented regarding the interest rate used to establish technical provisions (including the positive and negative impacts)?</i></b></p> <p>Option 3 (two discount rates/levels of technical provisions) is our preferred option. It appears to us that this option could be most similar to the current funding regime, with Level B being similar to current technical provisions and Level A similar to a buy-out funding level.</p> <p>Current disclosure of the funding position on a buy-out basis does not impact schemes or sponsors negatively, however, if this (or the Level A liabilities) were made a funding target in future we believe this could serious consequences for the sponsors of IORPS.</p>	
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38.	<p><b><i>What is the stakeholders' view on applying the Solvency II-rules for calculating the solvency capital requirement (SCR) to IORPs, taking into account their specific security and benefit adjustment mechanisms?</i></b></p> <p>We see the SCR as unnecessary for UK IORPS. Although most UK IORPS are currently well below buy-out funding level, we would expect that once they reach this level they would secure benefits. The SCR would take the funding position of the scheme above that on a buy-out basis and therefore seems overly prudent.</p> <p>The calculations required to assess the SCR are complicated and we have serious concerns about the costs on schemes (and hence their sponsoring companies) of carrying out such calculations.</p>	
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