

Actuarial Association of Europe Solvency II Project – Monthly Report for Insurance Committee

30 June 2015

Report of Siegbert Baldauf

EIOPA announced two workshops in July.

- 1) **“Meet-the-Market Workshop” on the Tool for Undertakings (T4U)** related to XBRL reporting under Solvency II.
This workshop will be held on **8 July 2015** in Frankfurt am Main, Germany.
Registration is possible until 30 June 2015.

The aim of the workshop is to provide participants with detailed technical information on the latest public beta release of the T4U and its software components.

Quote from invitation:

„Target audience

Software suppliers and other market participants with an interest in using the T4U as a basis for their own software developments.”

This workshop does not deal with actuarial issues. It is therefore not necessary for AAE to participate.

- 2) **Risk-Free Rate Workshop with Industry, on Wednesday, 15 July 2015**

Up to now, detailed information is missing. More information and the agenda are announced near-term. Two representatives of AAE could participate.

This might turn out to be an important issue for actuaries. AAE will try to take part.

On June, 19th EIOPA informed about a modification in the methods for calculating the relevant risk-free interest rate term structures for Solvency II. It is only a slight modification and relates to the daily fixing time of swap rates, overnight indexed swap rates and government bonds that the calculation is based on. The impact on the result is expected very low. The new method will be applied for the first time for the derivation of term structures of end-June 2015.

The technical documentation published February 28th 2015 is adapted accordingly. EIOPA announced in addition that review of the methodology would be continued. The necessary changes should be implanted before the start of Solvency II on 1 January 2016.

Insurance Committee:

IC has drafted a questionnaire to gain a better overview on the impact of the low interest rates in the particular member states. Up to now information from several member states has been collected. A first analysis shows a different vulnerability of the business in different legislations. These preliminary results will also be used when AAE – officers meet with EIOPA 1 July 2015.

The goal of this exercise is to have a feedback from all member states. This will make it easier to discuss this issue with regulator and politics. The analysis should be finished until the meeting in Bucharest in September.

Future of the Solvency - Project

According to the terms of reference, the project will end if Solvency II has become legislation.

1. Project Overview

At its meetings of 2 October 2003 and 25 March 2004, the Insurance Committee of the AAE established a Project to support the Committee in providing advice to the European Commission, EIOPA, the European Parliament and the European Council on the actuarial aspects of the EU Solvency II Directive. These Terms of Reference formalise the structure and operation of the project which have evolved since its establishment.

The duration of the Project will be until the Directive has become legislation, with an extension, if appropriate, until the Directive has been implemented.

Starting date for Solvency II is 1 January 2016. Nevertheless, many open issues will remain, that are related to the work of actuaries. Data quality, Calibration of Standard Formula Stress ... can be taken as an example. Siegbert asked the project team to support this analysis of open questions and the discussion on the future role of the project team. It should be borne that the Solvency II regulation requires e.g. in Article 77f (Omnibus II) a regular review of several measures until 2021.

IC has tasked Esko and Siegbert to draft a paper on the future role of the Solvency II project team. This paper should be discussed at the next Committee's meeting in September.