

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

11 October 2016

Siegbert Baldauf welcomed Simon Cureton as the new vice-chair of the cross sectoral working group.

He gave a short overview of the IC-Meeting in Barcelona (22-23 September 2016)

The minutes of this meetings are available on the web site of AAE (including the slides).

IC – meeting: Issues presented and discussed:

Stress test

Request for Advice

Main goals:

- *To ensure proportionate and technically consistent supervisory regime for (re)insurance undertakings.*
- *To look for possible simplifications in the SCR standard formula and to ensure the proportionate application of the requirements.*
- *EIOPA will suggest changes in methods, assumptions and standard parameters as well as additional policy options.*

It was discussed, how AAE can cope with these questions and can support EIOPA.
(Notes available on web site)

Meeting of Board of Supervisors 29 September:

- No result with regard to UFR
- Methodological changes of the calculation of term structures adopted. New technical document

Request for advice:

AAE has been asked for support regarding the following request:

EIOPA is asked to:

- *Provide information on recent market developments as regards risk mitigation techniques, in particular embedded derivatives and longevity risk transfer.*

“SPD”: Single Programming Document:

Published by EIOPA 3rd October 2016, covering years 2017-2019

This can provide an insight in the planning and priorities of EIOPA for the forthcoming years and more detailed for 2017.

Example:

p. 6: Overall, the focus on better and smart regulation will create more scrutiny on the regulatory agenda and will put more pressure on post-evaluation in order to assess cumulative effects and unintended consequences. **The review of Solvency II will be a critical project.**

p. 8: Strategic Objective 2: to improve the functioning of the EU internal market in the field of pensions and insurance

A technically sound and participatory review of the Solvency II insurance regulation by EIOPA.

Targets 2017 -2019

2017: *EIOPA’s proposals for changes to Solvency II implementing measures are supported by evidence received in the formal consultation process.*

2018: *Timely and high quality advice delivered to the Commission on the changes to Solvency II implementing measures.*

2019: *EIOPA technical advice provides a sound basis for regulatory review*

Rationale: *This is a way of indicating that there is agreement with key stakeholders regarding the extent of improvements/ interventions to the regulatory framework for insurance and that EIOPA is addressing them in a timely fashion, ensuring a sound and prudent regulatory framework.*

ICS consultation:

AAE will comment on the consultation paper. A working group has been installed to prepare the comments. Due date is 19 October 2016.

Working groups:

Lauri Saraste gave an overview of the activities in the cross-sectoral group. They have identified several issues that need a thorough investigation; e.g. mass lapse.

It was agreed by the project team to organize a face-to-face meeting in London. This should be used to identify the relevant issues from an actuarial perspective and allocate the resulting tasks to the working groups.

Envisaged date for this meeting: 3 November 2016, 10h – 16h.