



Groupe Consultatif Solvency II Project – Monthly Report for Insurance Committee

2 April 2013

Headlines

On 27 March EIOPA launched its public consultation over “Guidelines On Preparing for Solvency II”. The consultation period ends on 19 June with the expectation of EIOPA’s Board of Supervisors approving final guidelines to come into force from 1 January 2014 (with measures taking effect during 2014 and 2015). The Guidelines are directed towards NCA’s (National Competent Authorities) and intended so that “interim measures” are consistent with the direction of travel of Solvency II.

Insurers’ submissions to EIOPA’s LTGA (long-term guarantees impact assessment) will have been completed by 31 March 2013 and EIOPA’s reporting and Commission responses are expected in June / July 2013. Success at this stage in Summer 2013 could permit the passage of a finalised Omnibus II Directive (OMDII) which would re-establish a new timetable and enable the Commission to progress with “implementing measures” (Level 2) – similarly EIOPA could progress with its pre-consultations, technical standards, etc. at Level 3.

The “trialogue” process has been in abeyance during LTGA but can be expected to become active again in the Summer.

If OMDII does not proceed during 2013 then, as the Directive currently stands, Solvency II will come into force from 1 January 2014. Otherwise another “quick fix Directive” will be required to formalise the postponement beyond 1 January 2014 but there is uncertainty around this.

Prior to EIOPA’s launch of its “interim measures”, Insurance Europe had written to EIOPA with concerns over reporting aspects of the Guidelines. This will be a controversial area and clearly the predictability or otherwise of Pillar 1 quantitative elements, especially over the risk-free discount yield curves, depends on success with LTGA and OMDII in 2013. If OMDII is not passed there is the prospect of mandatory reporting to NCAs of Pillar 1 numbers before they are agreed within the political process.

Introduction

This report provides an update on the progress of the Solvency II project. This follows the monthly teleconference calls of the project team on 27 February 2013 and 27 March 2013. There had also been an extra project team teleconference on 19 February 2013 at which the new project management structure (TB / SB / DP) had commenced.

Management and Working Group Activities

Since their appointment Siegbert Baldauf and David Paul have had two working sessions (at the Groupe’s office in Brussels and at DAV Köln) and have met with or teleconferenced with the Working



Group chairs and vice-chairs. Thomas Behar (project sponsor) has also been closely involved in much of the discussion.

The following table summarises activities:

Life Working Group	<ul style="list-style-type: none"> ❖ Chair and Vice-chair discussions with SB/DP to review the GC representations to Commission’s LTGA Task Force in 2011. Also discussion of next steps in area of Market Consistency ❖ The WG gave input and assistance to EIOPA during finalisation stages before LTGA was launched in January 2013 ❖ WG reviewing its members to confirm all remain available to support in 2013 - 2014
Non Life Working Group	<ul style="list-style-type: none"> ❖ Responded to EIOPA Pre-Consultation Paper on ‘pooling arrangements’ during January 2013 ❖ David Paul (as GC’s nominated delegate from NLWG) attended EIOPA CATsg on 12 March 2013 ❖ WG gave input and assistance to EIOPA during finalisation of LTGA – in particular the cat-helper workbook ❖ The WG discussed and passed on its comments regarding GCASP2
Pillar II and III Working Group	<ul style="list-style-type: none"> ❖ WG met by teleconference on 19 March 2013, chaired by Gerard V and SB/DP were also able to join. ❖ Discussion of WG’s readiness for upcoming EIOPA interim measures covering ‘systems of governance’ and ‘ORSA-like process’
Groups Working Group	<ul style="list-style-type: none"> ❖ Chair and vice-chair participated in project team calls and ready for group aspect within interim measures (also expressed readiness to assist in other aspects)
Internal Models Working Group	<ul style="list-style-type: none"> ❖ Teleconference between WG Chair and SB / DP confirming readiness for ‘internal models’ within the EIOPA interim measures ❖ WG reviewing its members to confirm all remain available to support in 2013 - 2014

Meetings – Recent

Esko Kivisaari, Jim Murphy and David Paul gave a short presentation with Q&A to the quarterly meeting of the CRO Forum on 22 March 2013. This included a short description of the new configuration of the GC’s Solvency II new project team management structure.



Meetings – Future

Siegbert, David and Thomas will meet with Insurance Europe on 23 April (postponed from 19 March).

Also in April we expect a GC meeting with EIOPA who have suggested a discussion around EIOPA's interim measures.

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