



## Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

**04 May 2011**

### HEADLINES

- The Commission has published its Call for Advice to EIOPA on the review of the IORP Directive, including application of relevant elements of the Solvency II framework. The Solvency II project team aims to provide the Groupe's Pensions Committee working group with technical advice.
- Significant issues to be resolved in relation to all of long-term guarantees (life), contract boundaries and future profits (mainly life), catastrophe (non-life and health) and SCR factor calibration (non-life and health). The Groupe is closely involved in all of these.

### Introduction

This report provides an update on the progress of the Solvency 2 project. This follows the monthly teleconference call of the project team on 4 May.

### Working Group Activities and Progress

Life Pillar I Working Group	<ul style="list-style-type: none"> <li>❖ Working Group welcomes Colin Murray as new Vice-Chairman, and new member Ivano Pastorelli from Italy</li> <li>❖ Regular Monthly Telco of the working group were held to address the following:               <ul style="list-style-type: none"> <li>▪ EIOPA Expected Profit In Future Premium (including contract boundaries) –</li> <li>▪ Changes to the matching premium proposal and introduction of a new EIOPA working group.</li> <li>▪ Matching Premium and possible 'counter-cyclical' premium ( Illiquidity Premium)</li> <li>▪ Equity Dampener, interest rate curve extrapolation etc</li> <li>▪ Treatment of Sovereign Risks, Interest risks and Credit swaps risks</li> </ul> </li> </ul>
Non Life Pillar I Working Group	<ul style="list-style-type: none"> <li>❖ Declan Lavelle joins the working group as representative from Ireland</li> <li>❖ Face to face meeting on 30 March to address issues on L2 IM</li> </ul>



## Solvency 2 Project Team Update

	<ul style="list-style-type: none"> <li>❖ Intends to contribute on reporting template and therefore scheduled a face to face meeting in Rome end of June 2011 ideally with representation from Pillar II/III group.</li> <li>❖ Actively contributing (thanks to David Paul) to EIOPA's Calibration Risk working group which is aiming to conclude mid-May. .</li> <li>❖ (David again) participating in EIOPA catastrophe task force.</li> </ul>
Pillar II and III Working Group	<ul style="list-style-type: none"> <li>❖ Comments provided to European Commission on ORSA working papers on 1 April.</li> <li>❖ Awaiting further L3 consultation papers.</li> </ul>
Groups Working Group	<ul style="list-style-type: none"> <li>❖ Working group welcomes Giuseppe Gionta as new member from Italy</li> <li>❖ Contributed to Groupe's response on ORSA with questions relating to the working group</li> <li>❖ .Awaiting further L3 consultation papers</li> </ul>
Internal models Working Group	<ul style="list-style-type: none"> <li>❖ WG welcomes Vincent Dupriez (France) as vice-chairman, and Matteo Ialenti as new member from Italy</li> <li>❖ Ongoing contribution to Level 3 pre-consultation on : <ul style="list-style-type: none"> <li>▪ Probability Distribution Forecast</li> <li>▪ Expert Judgement</li> <li>▪ Methodological Consistency of the Valuation of Assets and Liabilities and the Calculation of the Probability Distribution Forecast</li> <li>▪ Partial internal models</li> </ul> </li> </ul>

### Actuarial Function:

The Groupe is working on the Actuarial function in the context of Article 48 of the European Directive as well as broader business context . Both the Solvency II project team and Groupe's Standards Project Team are actively contributing on all issues.

### Call for Advice IORP:

The Commission has published its Call for Advice to EIOPA on the review of the IORP Directive

A working group has been formed that involves Seamus Creedon and probably Esko Kivisaari from Solvency 2 project team.



## Solvency 2 Project Team Update

### **Upcoming calls/meetings:**

09 May : NL Calibration Risk working group Telco

17 May : Face to face meeting of the Calibration NL & Health non SLT Risks

19 May : Officers to meet EIOPA Board in Frankfurt

23 May: Long-term guarantees working group

31 May : EIOPA Insurance and Reinsurance Stakeholder Group

14 June : Officers' Meeting with Commission DG Internal Market Insurance unit

*For further information, please contact one of:*

- Seamus Creedon [seamus.creedon@kpmg.co.uk](mailto:seamus.creedon@kpmg.co.uk) +44 7808 900 614
- Michael Lucas [mlucas@gcactuaries.org](mailto:mlucas@gcactuaries.org) +32 22 17 01 21
- Said Younsi [syounsi@gcactuaries.org](mailto:syounsi@gcactuaries.org) +32 28 30 01 99