



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

**5 May 2010**

### 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 the 5 May.

### Working Group Activities and Progress

Life Pillar I Working Group	<ul style="list-style-type: none"><li>• Conference call likely during May to discuss QIS 5 technical specification and other matters.</li></ul>
Non Life Pillar I Working Group	<ul style="list-style-type: none"><li>• Meeting on Tuesday 11 May in London with QIS 5 technical specification as principal agenda item.</li></ul>
Pillar II and III Working Group	<ul style="list-style-type: none"><li>• ORSA document has been submitted in draft to CEIOPS and circulated amongst Insurance Committee and are awaiting comments. Need more feedback on financial reporting templates.</li></ul>
Groups Working Group	<ul style="list-style-type: none"><li>• Have a meeting in late May with CEIOPS on Fungibility and Transferability</li></ul>
Internal models Working Group	<ul style="list-style-type: none"><li>• Continuing to liase with CEIOPS on Internal Model guidance</li></ul>

### Overview points

The main focus recently has been feeding back to the draft QIS5 technical specifications.

### QIS 5

There have been a number of QIS5 stakeholder meetings including a public hearing on Tuesday 4 May in Brussels.

There is concern that the participation in QIS5 will not be high enough and there is a role for the Groupe Consultatif to encourage its members to participate. Michael Lucas will coordinate with local representatives on this.



## Solvency 2 Project Team Update

Feedback is required by 20 May and will be required on 3 levels; high level issues, practicality issues and comments on non-life and health catastrophe risk.

David Paul is attending meeting on 5 May on catastrophe and disaster scenarios.

Principal issues noted in relation to QIS 5 specification:

- Refinement of quantification and application of illiquidity premium, especially within SCR standard formula.
- Calibration of health and non-life SCR standard formulae
- Form of longevity stress
- Criteria for undertaking-specific parameters
- Simplifications
- Loose ends re transitional measures

### **Internal Model**

A couple of issues have been noted around the Internal Model:

The Internal Model SCR will need to be calculated quarterly for assessing the MCR corridor. It is not clear what approximations will be allowed in this quarterly Internal Model SCR calculation and how much will be set in level 2 and level 3.

On Management Actions it is not clear how those taken into account in the Internal Model SCR can differ from those used in the Technical Provisions. Those incorporated in the Technical Provisions could be fairly conservative and potentially more should be allowed to be incorporated into the SCR.

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

1 June 9.00 (CET) - next Group Consultatif SII Project team conference call

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