



Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

5 October 2010

HEADLINES

Legislation constituting EIOPA passed 22 September for implementation 1 January 2011.

Two-week extension of QIS5 deadline to 15 November to accommodate SME's

Groupe working with CEIOPS on calibration of non-life underwriting risks

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 5 October.

Working Group Activities and Progress

Life Pillar I Working Group	<ul style="list-style-type: none"> • Planning a call or meeting imminently following arrival of new members. • QIS 5 single equivalent scenario causing considerable difficulty so reviewing this a priority. • Contract boundaries and EPIFP are the other principal difficulties which may require further work.
Non Life Pillar I Working Group	<ul style="list-style-type: none"> • Responding to CEIOPS FinReq on draft actuarial guidelines in relation to Article 48 actuarial function work is a priority. • It is hoped that one of Annette or David can attend the non-life/health data analysis meeting to be convened by CEIOPS in Amsterdam on 26 October.
Pillar II and III Working Group	<ul style="list-style-type: none"> • Hoping to initiate work shortly on what should be ORSA requirements in relation to users of internal models – for example for risks outside model scope and/or where risks and exposures are expected to change over planning horizon. • Will continue to participate albeit passively in CEIOPS informal consultation on reporting



Solvency 2 Project Team Update

	<p>templates.</p> <ul style="list-style-type: none"> • Will be reviewing IFRS developments in comparison with Solvency 2 in order to identify requirements in order for these to be able to be reconciled. • Noted that Commission favours process rather than reporting requirements in relation to ORSA. Active debate continues within industry.
Groups Working Group	<ul style="list-style-type: none"> • Will liaise with Life Pillar 1 Group re implications of group single equivalent scenario.
Internal models Working Group	<ul style="list-style-type: none"> • Will continue to engage re integration of partial internal models.

QIS 5

Said will take the lead to draft a communication to national solvency 2 contacts to form a rough picture of issues of complexity and impracticality encountered in QIS 5.

Standards etc

Noted that the Groupe had decided to establish a standards project team reporting to the renamed Standards, Freedoms, and Professionalism Committee. Michael to be copied in on material potentially of interest to the project team such as informal comments on draft guidelines.

Level 2 measures

Consolidated version expected to be published within a few weeks. At that stage Said will prompt working groups to develop comments on specific aspects.

Work with fellow-stakeholders

Noted SC trying to arrange discussion with CEA on how to co-operate to explore potential for easier implementation of Solvency 2. Also will follow up with CRO Forum on agreed list of areas for potential collaboration.

EIOPA

Noted that SC would be encouraging the Officers of the Groupe to consider how the Groupe might offer constructive influence in relation to the leadership and to the stakeholder group composition of EIOPA.



Solvency 2 Project Team Update

Upcoming calls/meetings:

26 October – Non-life/health calibration advice meeting in Amsterdam (see above)

2 November – next regular conference call (08:00 CET)

2 November – David Paul speaking on IFRS to CEIOPS meeting in Prague

17 November – CEIOPS annual conference

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