



Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

6 July 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 6 July.

Working Group Activities and Progress

Life Pillar I Working Group	<ul style="list-style-type: none"> • Considering treatment of expected profits on future premiums, specifically the CEIOPS proposal that these should be distinguished and included only in lower-tier capital. • BaFin contacted Siegbert Baldauf asking for assistance in preparing actuarial guidelines in relation to valuation of discretionary benefits, options and guarantees, and allowance for policyholder behaviour..
Non Life Pillar I Working Group	<ul style="list-style-type: none"> • Conference call developed comments on implementing measures.
Pillar II and III Working Group	<ul style="list-style-type: none"> • Continuing dialogue with CEIOPS governance sub-group working on ORSA. Will imminently seek comments on a latest draft Groupe commentary. • CEIOPS is consulting on level 3 measures on the reporting templates. Responses to latest templates are required by 22 July. Keen for further comments around Technical Provision templates. Team to action.
Groups Working Group	<ul style="list-style-type: none"> • Good reaction to Lisbon presentation addressing, inter alia, marginal and proportionate approaches to capital allocation. • Note that IAIS has launched on 1 July COMmonFRAMEwork initiative, loosely analogous to 'equivalence'. GC will need to monitor this.



Solvency 2 Project Team Update

Internal models Working Group	<ul style="list-style-type: none">Continuing to work with CEIOPS on Level 3, with a particular focus on issues associated with partial internal models.
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Overview points

QIS 5

The final spec is expected to be released this week (subsequently released on the afternoon of 6 July).

August joint workshop with CEIOPS

Huge interest in the workshop. Agreed that each of Non-life Pillar 1, Life Pillar 1 and Groups working groups should be able to be represented, the first two probably for one day each.

Implementing measures

Groupe Consultatif has not responded to most of these but has agreed with Commission to aim to offer comment by 15 August. Input from working groups additional to that received from Non-life Pillar 1 is actively sought.

FinReq meeting on 12^h July

The FinReq working group within CEIOPS is apparently proceeding independently with the development of Level 3 guidance in relation to the actuarial function. While this is justified on the basis that consistency of practice by actuarial functions (especially in relation to interpretation of 'national' practices) is essential to achievement of the objectives of Solvency 2, it is desirable that broad stakeholder support for a comprehensive due process also be sought. Annette and Dylan will seek to advocate this constructively in the meeting.

Upcoming calls/meetings:

3 August 9.00 (CET) - next Group Consultatif SII Project team conference call

15 September 12.00 (CET) – next project team meeting.

For further information, please contact one of:

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