



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

**06 July 2011**

### HEADLINES

The very probable delay to implementation of Solvency 2 is disappointing. It remains to be seen whether some elements of the framework can be in place from the originally intended date.

IGSRR Committee subgroup 2 would welcome the Groupe's assistance in the drafting of the guidelines on the Actuarial Function.

Important elements of the valuation of life technical provisions have yet to be resolved and will likely involve some movement away from what we would recognise as the principle of market consistency.

### 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"> <li>❖ WG is preparing Paper position on contract boundaries</li> <li>❖ Working Group's proposed annex to EIOPA's EPIFP report which provides a commentary from the actuarial profession on the underlying issues was sent to EC.</li> <li>❖ French opinion on matching premium has been discussed and forwarded to chairman insurance committee – it is not inconsistent with established positions of the Groupe..</li> </ul>
Non Life Pillar I Working Group	<ul style="list-style-type: none"> <li>❖ The Report on Calibration of the Premium and Reserve Risk Factors in the Standard Formula of Solvency II has been revised following comments from the JWG members - GC among them - and submitted for approval on a non objection basis by Friday 8 July</li> </ul>



## Solvency 2 Project Team Update

	<ul style="list-style-type: none"> <li>❖ Cat task force recommendation of which GC has been an active participant has been submitted to EIOPA</li> <li>❖ Working Group had face to face Meeting in Rome on 27/28 June and discussed:             <ul style="list-style-type: none"> <li>▪ Pre-Consultation papers on Actuarial Guidelines</li> <li>▪ Review of Reporting Templates</li> <li>▪ The role and uses of USPs between challenges and realities</li> <li>▪ Treatment of Annuities in non-life</li> </ul> </li> </ul>
Pillar II and III Working Group	<ul style="list-style-type: none"> <li>❖ Working Group is to meet on 6 September in Brussels at the Groupe Consultatif offices.</li> <li>❖ Ongoing work on Pre-consultation on valuation of Assets and Liabilities other than Technical Provisions</li> <li>❖ On going work on S2 / IFRS 4 Balance sheet valuation consultations</li> <li>❖ Work in progress concerning Template for comments on ORSA.</li> </ul>
Groups Working Group	<ul style="list-style-type: none"> <li>❖ Has discussed Pre-Consultation Paper on draft proposal for level 3 guidelines on supervision of risk concentration and Intra-group transactions.</li> <li>❖ Working Group welcomes Giuseppe Gionta as new member.</li> </ul>
Internal models Working Group	<ul style="list-style-type: none"> <li>❖ Working group participated in EIOPA Internal Models meeting with stakeholders on 5 July in Frankfurt</li> <li>❖ Comments were made on pre-consultation L3 papers:             <ul style="list-style-type: none"> <li>▪ Template on draft L3 paper on Expert judgement that dealt with documentation, external model validation tools..etc</li> <li>▪ Probability distribution forecasts (PDFs)</li> <li>▪ Partial Internal Models</li> </ul> </li> </ul>



## **Groupe Consultatif Meeting with European Commission:**

Officers of the Groupe met with Internal Market DG and many topics where Groupe's Project Team are active were discussed, including Market consistency of technical provision calculations, undertaking specific parameters, EPIFP, ORSA & Governance guidelines, non-life calibration and cat task force.

## **Upcoming calls/meetings:**

29 July : IGSRR Committee meeting in Frankfurt

01 September: IRSG Meeting

12 September: Project Team meeting in Brussels

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