



Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

7 September 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 7 September.

Working Group Activities and Progress

Life Pillar I Working Group	<ul style="list-style-type: none"> • Generated extensive questions as input to QIS 5 workshop. • Aiming to develop feedback on CEIOPS draft Level 3 measures, including treatment/valuation of options and guarantees. • New member Colin Murray
Non Life Pillar I Working Group	<ul style="list-style-type: none"> • Face to face meeting on 6 September, where developed draft feedback on informally consulted draft Level 3 measures on data quality and on expert judgement. • Some concerns as to the positioning implicit in these drafts – input welcome from other team members. • Input will be provided to CEIOPS' technical provisions sub group on 8 September, and to Finreq on 15 September
Pillar II and III Working Group	<ul style="list-style-type: none"> • Met CEIOPS sub-group on 1 September for wide-ranging discussion of ORSA. SC to circulate notes of discussion to full team. • ORSA consultation paper will be delayed until after publication of draft Level 2 measures. Other consultation papers expected in similar timescale, including on actuarial function and risk management. • CEIOPS is continuing its informal consultation on reporting template.



Solvency 2 Project Team Update

Groups Working Group	<ul style="list-style-type: none"> • Minimal recent activity but expecting more sustained work on equivalence imminently. • New member Michaël Donio. • Henk and Alan Joynes involved in IAIS COMFRAME (Common Framework) project.
Internal models Working Group	<ul style="list-style-type: none"> • Draft paper developed on expert judgement. Following comment this will be submitted to CEIOPS internal model working group w/c 13 September. • Further engagement on integration of partial internal models expected imminently.

QIS 5

SC reported positively on workshop organised jointly with CEIOPS in Frankfurt on 25/26 August. Notes are on website but impressions included:

- CEIOPS has invested considerably in 'usability' of spreadsheet together with helper tabs etc. with the aim of encouraging broad participation.
- CEIOPS itself has learned that standard formula is at or beyond the limits of practicality.

In general discussion of the likely level of participation in QIS 5 the following was noted:

- Particularly for new participants, results are likely to be on a 'best efforts' basis rather than 'auditable'. Even some experienced participants have not been able to progress beyond 'best efforts'.
- Translation of the technical specification and spreadsheet may prove a barrier to meeting deadlines in some countries.

It remains to be seen whether participation will meet the Commission's objectives.

Standards etc

Noted that this issue was some way down the Commission agenda. The vacuum might be filled to some extent by CEIOPS/EIOPA Level 3 guidance (e.g. on expert judgement) which we should continue to seek to influence.

Role of the actuary

Reported that this survey was progressing such that it could be hoped to have meaningful conclusions for Insurance Committee meeting later this month.



Infrastructure

Noted that Said Younsi had been appointed as a technical resource to the project and would attend on 15 September. Also noted that the Groupe expected as of 1 January 2011 to move to a Brussels office shared with the Belgian actuarial association.

Agenda items for team meeting

Suggestions:

- Solvency II implementation – potential for simplification
- Emphasis of feedback on draft Level 2 implementing measures
- Communication with national associations
- Interaction of ORSA and internal model
- Preparation for Insurance Committee meeting on 1 October

Upcoming calls/meetings:

15 September 11:00 – 16:00 (BST) (London)- next Group Consultatif SII Project team meeting

16 September 19:30 (CET) (Hannover) – dinner meeting with CRO Forum

30 September 09:00 (CET) (Frankfurt) – final CEIOPS Consultative Panel

1 October 09:00 (CET) (Brussels) – Insurance Committee discussion of Solvency II followed at 16:00 by talk by Karel van Hulle of Commission.

5 October 09:00 (CET) – next monthly conference call

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