Notes of a conference call of the
INSURANCE COMMITTEE
held on 12 June 2015

Participants

Klaus Wegenkittl  Aktuarvereinigung Österreichs
Karel Goossens  IA/BE (Belgium)
Bruno Kokken  IA/BE (Belgium)
Mike Poulding  Channel Islands Actuarial Association
Kirsten Sasady  Den Danske Aktuarforening
Esko Kivisaari (Chairperson)  Suomen Aktuaariyhdistys
Lauri Saraste  Suomen Aktuaariyhdistys
Vasilis Aggelou  Hellenic Actuarial Society
Istvan Kerenyi  Magyar Aktuárius Társaság
Tony O’Riordan  Society of Actuaries in Ireland
Giovanni Sammartini  Consiglio Nazionale degli Attuari
Evaldas Valeisa  Lietuvos Aktyvarų Draugija
Peter Franken  Het Koninklijk Actuarieel Genootschap
Ana Maria Martins Pereira  Instituto dos Actuários Portugueses
Florin Ginghina  Asociatia Romana de Actuariat
Maria Kamenarova  Slovenská spoločnosť’ aktuárov
Katarina Östberg  Svenska Aktuarieföreningen
Philipp Keller  Schweizerische Aktuarvereinigung
Kartina Thomson  Institute and Faculty of Actuaries
Michael Lucas  Secretariat

1. Solvency II

Esko reported that arrangements for full implementation of Solvency II in January 2016 are progressing. He noted that member states are at different stages of readiness, but no delay or postponement is envisaged by the Commission. Issues which are still being discussed among actuaries are:

- role of the Actuarial Function
• ORSA
• interest rate term structures
• adaption of models

Esko also drew attention to the recent EIOPA budget cuts, and the possible impact that EIOPA may be unable to fulfil all Solvency II tasks.

2. Low interest rate environment
Esko drew attention to
• the recent small increase in interest rates
• the AAE survey questionnaire circulated to members of the Committee, which it is hoped will provide the basis for a public statement by AAE. Esko requested that members complete and return the questionnaire by 22 June
• EIOPA will undertake its own survey, expected to be circulated to national supervisors before August.

3. Long-term and infrastructure investments
It was noted that the Solvency II project team, Florin Ginghina and Christoph Krischanitz had prepared an AAE submission to the EIOPA consultation. It is clear that AAE is well placed to assist EIOPA, particularly in relation to calibration and classification of long-term and infrastructure investments, and this topic is on the agenda for our forthcoming meeting with EIOPA.

4. Capital Markets Union
It was noted that AAE’s response to the Commission Green Paper had been led by the IFR Committee. Esko reported that the Commission is expected to produce a communication on the responses to the Green Paper by the end of the year.

Esko pointed out that recovery and resolution is an important issue in CMU but, because systemic risk differs widely from sector to sector, the Commission will address only central counterparties and will not include the insurance sector.

Esko also reported that the question of insurance union is not on the Commission's agenda for the time being.

5. Meeting with EIOPA – 1 July
The insurance topics on the agenda for this meeting are –
• Solvency II outstanding issues
• stress test alignment with the nature of insurance (currently too bank-oriented)
- low interest rate environment and threat to life companies
- Infrastructure Investments
- Global ICS
- IBER

6. **Age and Disability Directive**

   It was noted that the Commission's report on the application of the Gender Directive had recently been published. Tony O’Riordan noted that all member states are implementing the Directive, and the impact is very limited.

   Tony confirmed that there have been no further developments in relation to the Age/Disability Directive. Esko expects that this item will be on the agenda at our next meeting with the Commission Insurance and Pensions Unit.

7. **ESAP and EAN on ORSA**

   Esko reported that the first Exposure Draft of ESAP3 (actuarial practice in connection with preparing an ORSA) is almost complete and ready for publication. He is now drafting the outline content for the corresponding EAN for discussion with the working group.

8. **Insurance Block Exemption Regulation**

   Tony reported that the Commission had received 37 responses to its survey, 36 of which were in favour of retaining the IBER. The Commission will consult on the preferred option in 2016. This item will be on the agenda at our next meeting with the Commission Insurance and Pensions Unit.

9. **Big data**

   Esko reported that this is an area of increasing interest, and he is considering whether to prepare an AAE discussion paper based on his draft book chapter. Tony and Lauri referred to seminars on the subject which are being held by the actuarial associations in Ireland and Finland to promote awareness of the issues. Tony also drew attention to the data analytics community web site [www.kaggle.com](http://www.kaggle.com).

10. **Cyber risk**

    No further developments to report.