



Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

1 June 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 the 1st of June.

Working Group Activities and Progress

Life Pillar I Working Group	<ul style="list-style-type: none"> • Teleconference on 6 May leading to production of comments on QIS 5 specification. Noted that BaFin envisages further national QIS 5 guidance on consistency of treatment of ring-fenced funds in German context – do we know whether the same is happening elsewhere?
Non Life Pillar I Working Group	<ul style="list-style-type: none"> • Meeting on Tuesday 11th May in London led to production of QIS 5 comments. • David Paul has been participating in Commission's health task force which has embraced separation of medical expense and income protection business with distinct calibrations. • David attended part of Catastrophe TF meeting on 5 May.
Pillar II and III Working Group	<ul style="list-style-type: none"> • ORSA discussed with CEIOPS in a wide-ranging meeting on 27 May – positioning vis-à-vis SCR is a key issue as is consistency with internal model, CEIOPS expecting to produce draft for consultation in September. • CEIOPS have circulated for feedback draft reporting templates on balance sheets and on groups. Little feedback of an actuarial nature yet. There is some concern re interaction of S2, IFRS, and Insurance Accounts Directive.
Groups Working Group	<ul style="list-style-type: none"> • Discussion with CEIOPS counterparts on fungibility, transferability and marginal impact calculations which went well.



Solvency 2 Project Team Update

Internal models Working Group	<ul style="list-style-type: none">Continuing to liaise with CEIOPS on Internal Model guidance – expecting further Level 3 guidance drafts.
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QIS 5

Groupe Consultatif delivered feedback by deadline of 20 May. Key themes were need to keep approach simple and to be objective in acceptance of undertaking-specific parameters.

These messages also are reaching the Commission from other stakeholders including AMICE and CEA.

Meeting with Commission on 3 June will be an opportunity to discuss how they see the process unfolding from here.

Other matters

Chris Daykin on behalf of the Actuarial Standards Task Force has produced a discussion document on independence in relation to the actuarial function. This will imminently be shared with the Commission and CEIOPS.

CEIOPS is known to be working on Level 3 papers in relation to technical standards and to the actuarial function. Drafts of these have not yet been shared with the Groupe.

We have fallen behind in responding to draft Level 2 measures and need to work at catching up, although we do not expect to have a large volume of comments.

We are keen to elicit further candidates for the technical support role. The draft description has been circulated to both project team and Insurance Committee and we would welcome suggestions as to possible candidates.

Upcoming calls/meetings:

6 July 9.00 (CET) - next Group Consultatif SII Project team conference call

For further information, please contact one of:

- Seamus Creedon seamus.creedon@kpmg.co.uk +44 7808 900 614
- Michael Lucas mlucas@gcactuaries.org +44 1865 268 218
- James Latto james.latto@kpmg.co.uk +44 7717 421 622