



Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

02 February 2011

HEADLINES

Groupe Consultatif has been invited to participate in a project initiated by the European Commission to explore issues associated with the solvency treatment of long-term guarantees.

Latest draft Level 2 measures appears to have dropped EIOPA power to create guidance for holders of the actuarial function. Omnibus II directive published including up to 10 year transitional provisions on most elements. Some concern in various quarters that implementation of Solvency II on 1 January 2013 is at risk.

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 2 February.

Working Group Activities and Progress

<p>Life Pillar I Working Group</p>	<ul style="list-style-type: none"> • WG has no major concern on public consultation papers on L2 IM besides points already covered in Groupe feedback • WG Aim to comment on Discount Rate project which is initiated by the UK's Institute of Actuaries with support from the Groupe chairman. . • Provided observations on CP83 to Insurance Committee • On going work on L3 pre-consultation
<p>Non Life Pillar I Working Group</p>	<ul style="list-style-type: none"> • WG held face to face meeting in Poland • WG produced output on : <ul style="list-style-type: none"> ·The actuarial guidelines on premium provisions ·The actuarial guidelines on future management actions · The level 3 text on USPs • Continued support for EIOPA JWG on calibration of standard formula for underwriting risks • WG is participating in effort to reduce complexity of CAT Risk module



Solvency 2 Project Team Update

Pillar II and III Working Group	<ul style="list-style-type: none"> WG scheduled meetings to address <ul style="list-style-type: none"> -ORSA, Reporting and Governance -Comparison of IFRS4 / S2
Groups Working Group	<ul style="list-style-type: none"> Scheduled telecom On L3 pre-consultation: Internal models & Financial Conglomerates
Internal models Working Group	<ul style="list-style-type: none"> Ongoing work on Pre-consultation for Solvency II Level 3 on Validation, Use test, Profit & Loss attribution and Calibration approximations.

Discount Rate Project

Groupe's Insurance Committee is seeking input from Solvency 2 project team on a project on discount rates initiated by the Management Board of UK Actuarial Profession with wide implication notably on S2.

Omnibus II

Groupe Consultatif takes note of EIOPA's published Omnibus II. Groupe has decided against taking a position on duration of transition for the time being.

Upcoming calls/meetings:

14 February – kick-off meeting for long-term guarantees project.

02 March:: Solvency 2 Project team Monthly telecon

9 March – full project team meeting (Brussels)

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