

Actuarial Association of Europe Solvency II Project – Monthly Report for Insurance Committee

9 March 2017

Discussion paper on the review of specific items in the Solvency II Delegated Regulation

The comment template has been submitted to EIOPA 3 March 2017. Although there has been no compliance with the initially planned timeline it was possible to inform IC – members in a conference call 1 March 2017 about the comments and have their feedback. Also a very short time frame was left for AAE – Officers to comment. Nevertheless, comments remained inhomogeneous in parts.

EIOPA want to develop their advice to the EU Commission under consideration of the comments from stakeholder during 2017. We agreed that face-to-face meetings should be envisaged when developing comments to these expected papers. This is assumed to be more effective compared to discussion based on exchange of mails only.

LTG – Report: Information request

EIOPA is required to publish a yearly report on long-term guarantee measures until 2021. The first report for the year 2016 had been published 6 December 2016. To prepare the report for 2017 EIOPA had published an information request (3 March 2017). Under consideration of a materiality threshold, undertakings have to provide the requested data.

The Review of Long-Term Guarantee Measures and Measures on Equity Risk: Information Request (<https://eiopa.europa.eu/regulation-supervision/insurance/long-term-guarantees-review>)

EIOPA requests insurance and reinsurance undertakings from the European Economic Area and subject to Solvency II to provide the following information in the context of EIOPA's 2nd Long-Term Guarantees (LTG) Report due in 2017:

- *Impact of the symmetric adjustment mechanism to the equity risk charge on the financial position of undertakings*
- *Impact of the extrapolation of risk-free interest rates on the financial position of undertakings*
- *Losses due to bond defaults and downgrades of bonds in matching adjustment portfolios*

*Insurance undertakings are requested to complete an **Excel template** and submit it to the respective responsible **National Supervisory Authority**. The template should be filled in according to the **instructions in the technical specifications** and taking into account the **technical information**.*

One issue is related to the extrapolation of the risk-free interest rate curve:

The third part relates to the three main parameters in the extrapolation of the risk-free interest rate curve used to value technical provisions:

- *the value of the last liquid point (LLP)*
- *the minimum convergence point*
- *the value of the ultimate forward rate (UFR)*

The timeline for these steps is as follows:

6 March 2017	<i>Launch of the information request</i>
15 June 2017	<i>Deadline for participants to submit results to their national supervisory authorities</i>
15 June to 16 July 2017	<i>Validation of submissions by national supervisory authorities</i>
16 July 2017	<i>Deadline for reporting of information from national supervisory authorities to EIOPA</i>

Spring meeting of Insurance Committee in Reykjavik

A preliminary schedule for the meetings in Reykjavik is now available. Members of the project team should decide if they are interested in participating. It is also possible to send a substitute.

The preliminary schedule of meetings is as follows:

10 May 2017

Time TBC Seminar organized by Félag íslenskra tryggingastærðfræðinga. Time and theme to be confirmed.

11 May 2017

09.00 – 17.00 Insurance Committee meeting

Time TBC Dinner. Further details to follow.

12 May 2017

09.00 – 17.00 Standards, Freedoms and Professionalism Committee meeting

Venue:

The venue for the meetings and the seminar will be [The Grand Hotel Reykjavík](#).

Next call: Thursday, 13 April 2017, 9:30 – 10:30