

AAE INSURANCE COMMITTEE MEETING

26 NOVEMBER 2018 - TELECON

Attending

Members

Tony O’Riordan (Chair)
Lauri Saraste (Vice Chair)
Kirsten Sasady
Declan Lavelle

Members

Peter Franken
Giovanni Samartini
Mike Poulding
Daphné Deval

Other

Siegbert Baldauf

Minutes

1. Solvency II

- A response to the EIOPA consultation on Recovery and Resolution and Insurance Guarantee Schemes was submitted on 26 October. Noted that very few responses and Chair encouraged members to input on consultations to the best of their ability.
- Three workstreams currently established under the WG, as follows:
 - SCR interest rate Lauri Saraste
Key aspect of SCR/Solvency II review.
 - Risk margin Malcolm Kemp.
Key area addressed previously by AAE and left open pending review of Solvency II.
 - Macroprudential tools Siegbert Baldauf
Lot of work, extension of reporting requirements. Must assess benefit in light of cost.
- Two consultations underway with responses due shortly:
 - Methodological Considerations regarding Illiquid Liabilities (EIOPA)
 - Proposed Delegated Acts revisions (EC)
EC has changed Art 43 – changes to risk free rates must be approved by EC.
Added new equity class – long term equities – reliably identified equity assets subject to reduced stress of 22%.
Role of key functions in relation to LACDT revisited (change from EIOPA proposal re actuarial function addressing the LACDT)

Deadline for submissions 7 December. Internal deadline 30 November to enable Board review. Should stay away from political debate and ensure that comment relates to actuarial concerns re long term, risk-based considerations.

Action: SB to prepare responses, all to provide inputs

- The upcoming Solvency II and LTG review will be the key issue for 2019. Work from EIOPA will be based on call for information (April 2018). Specific questions not yet available from EIOPA but we main issues will include for LTG transitional rules, MA, VA, more widely for Solvency II, risk margin, interest rate stresses.
- Recent events attended by Siegbert – Recovery/Resolution, Reporting/Disclosure, EIOPA conference

2. Sustainable finance

IC will be responsible for leading submission on integration of sustainability risks and factors, due for submission to EIOPA on 30 January 2019.

Action: SB, LS, TO'R to move forward

3. ORSA EAN

Lauri updated the meeting on work progressing on this document. Work is ongoing with another draft due in January and expecting a final version for approval for the Sofia meeting.

Action: LS to progress

4. Non-Life issues

- Risk mitigation techniques survey – responses due for 16 December (*Action Peter Franken to progress*)
 - Support for EIOPA relating to
 - Cross border business - feedback being prepared on opinion prepared by EIOPA with deadline of 30 November in focus
 - USPs – input to be provided to EIOPA on actuarial issues
- Action: Matthias to progress*
- Climate change. NLWG to contribute to sustainability consultation.
- All above to be discussed at next NLWG call on 7 November.

5. Negative interest rates

Nils will look to this issue before Christmas. Need to build understanding of how interest rates may move. Important to align thinking with Solvency II work on SCR stress. *Action: ND/TO'R call*

6. IFRS 17

Kristoffer Bork has recently been appointed Chair of the Working Group and held a meeting of the group. Key issues to consider now include:

- Role of the actuary (building on upcoming IAA paper)
- Contribution to IASB/EFrag relating to aspects of the standard which may change
- Responses to IASB/EFrag consultations/endorsement positions
- Continue to liaise with other professional/industry bodies, including Accountancy Europe and Insurance Europe

The work may involve a survey to MAs re the standard and implementation in early 2019.

Action: KB to set up follow up meeting in December and Q1 to move above issues forward

7. Interaction with ERM Committee

Joint meeting with RC and PC to be held again in Sofia, this time ahead of Committee meetings.

8. Any other business

Tony mentioned upcoming meeting with EIOPA (12 December). 4 one page summaries of current issues will be prepared for that meeting, covering:

- Consistency of Solvency II application
- IFRS17
- Sustainable finance
- Solvency II review

A meeting will also take place with Insurance Europe (Ad Kok, Tony O’Riordan and Olav Jones – Deputy Director General Insurance Europe) on 27 November.

Matthias mentioned a new IAIS consultation on holistic risk facing insurance industry which may overlap with EIOPA work on macroprudential themes.