

**GROUPE CONSULTATIF ACTUARIEL EUROPEEN**

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At the meeting in Rome on 18 October 2012 the Standards, Freedoms and Professionalism Committee approved an exposure draft of GCASP2 Actuarial Function Report for a period of consultation under Step 7 of the Due Process for the Development of Standards of Practice by the Groupe Consultatif. The exposure draft was promulgated on 1 November, with a request for comments by 1 March 2013. It was sent to member associations, Insurance Committee, Standards, Freedoms and Professionalism Committee, the Solvency Project Team and also to EIOPA, DGMarkt, Insurance Europe, AMICE, CRO Forum, CFO Forum, EFRAG, IAIS, IAA Standards Committee, Standard-Setters Round Table, Financial Reporting Council (UK) and several individuals.

14 responses were received with comments on the GCASP2 ED: 10 from member associations, and one each from IAA, Insurance Europe, Financial Reporting Council (FRC) and the Solvency II Pillar I Non-Life working group.

It is disappointing that there has so far been no response from EIOPA and we are seeking a meeting with the appropriate people in EIOPA to discuss. With the exception of Insurance Europe, the responses were largely supportive, in particular those from member associations. Comments from FRC were more qualified. IAA had several useful suggestions to improve compatibility with their standard-setting process.

The following is a summary of the main concerns which were raised:

- Reference to relevant regulations: it was not sufficiently transparent what requirements come from the Directive or from Level 2 regulations or Level 3 guidance. It was suggested that regulations should be quoted verbatim or by reference footnote, rather than being paraphrased in the text of the standard.
- The Principle of Proportionality appeared not to be reflected properly
- There was overlap and potential inconsistency with ISAP 1 issued by the IAA
- The Groupe should be careful not add requirements to the regulations
- There is currently no general and transparent framework for Groupe standards
- There are redundancies within the standard.

In addition a large number of detailed drafting suggestions were made. These will all be considered by the SPT and the drafting team. The SPT met in Vienna on 21 March and a full day meeting of the SPT and members of the drafting team has been scheduled for 27 May. It is intended to publish a 'basis for conclusions' paper on the website by the end of May. Individual responses will be sent to those who commented, addressing the main points raised but not necessarily every point, since some responses were very extensive and covered a large number of drafting points

It is clear that GCASP2 cannot be finalised until the Omnibus Directive has been passed and the Level 2 regulations and Level 3 guidance are known. The SPT therefore intends to prepare a revised 'working draft' of GCASP2 to respond to the comments received. This will be brought to SFPC at the meeting in Dublin on 26 September 2013. This working draft will then be made available to member associations, so that actuaries who are fulfilling the actuarial function can be made aware of the intended standard as they begin to implement those parts of Solvency II which may be introduced early. A formal second exposure draft of GCASP2 will be brought to SFPC once the provisions of the regulations are finalised and this will be subject to a further period of consultation with member associations and with stakeholders. It is hoped that this further exposure will take place in the summer of 2014, but this will depend on the timetable of the Commission and EIOPA.

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Convenor, Standards Project Team
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