

# **CEIOPS Insurance Groups Supervision Committee: work programme 2009**

## **1. Terms of Reference**

The tasks of the Insurance Groups Supervision Committee (IGSC) are:

- ⇒ to enhance the understanding of the Insurance Groups Directive;
- ⇒ to find ways of harmonisation or streamlining the supplementary supervision of insurance groups;
- ⇒ to study solutions for enhancing cooperation between supervisors in dealing with multinational groups.

In addition to its terms of reference stated above, the IGSC is mandated to work on the Solvency II project. In this specific context, the tasks of the IGSC are:

- ⇒ to perform the preparatory work on the supervision of groups within the specific frame of the Solvency II exercise;
- ⇒ to identify and analyse issues related to the supervision of groups which are included in the three pillars of the Solvency II prudential regime;
- ⇒ to assess the potential diversification effects in insurance groups, both within the EU and third countries, including related matters of availability and transferability of capital.

## **2. Priorities of the Committee in 2009**

### **2.1. Solvency II Level 2 Implementing Measures**

- i. Delivery of advice for the Level 2 implementing measures to the EC by October 2009.<sup>1</sup>
  - Identify and validate in QIS4 technical specifications and previous advice the relevant material for inclusion in the Level 2 Advice and Impact Assessment.
  - Liaison with representatives from the industry where necessary will be sought.
  - Liaison with CEBS will be sought on relevant issues.

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<sup>1</sup> See letter from the EC of 19 July 2007. In its workplan, CEIOPS foresees publishing the bulk of its Level 3 guidance necessary for the entry into force of Solvency II by the end of 2010, the latest by Spring 2011 (18 months before the implementation of the Solvency II Framework).

- Timing and structure of the advice:
  - At least two sets of advice will be released for two to three months consultation periods in 2009 after CEIOPS' March and June Members Meetings.
  - The basis of the work is the Amended Solvency II Directive Proposal from February 2008.<sup>2</sup> Pending the final approval of the Level 1 Directive by the Parliament (foreseen for April 2009), advice on some debated issues may depend on the final text of the Directive.
- ii. Impact assessment ("IA")
  - CEIOPS' advice will be accompanied by an impact assessment which will serve as an input for the European Commission's impact assessment on Level 2 measures.

## **2.2. Group issues under the current Insurance Groups Directive**

The supervision of cross-border insurance groups under the current regulatory framework also requires CEIOPS' attention. In 2009 CEIOPS will continue to focus on the convergence of supervisory practice and supervisory co-operation, in order to minimise the supervisory burden on insurance groups. This work will, with time, feed into Solvency II work-streams on supervisory colleges by clarifying, strengthening and streamlining the role of the lead supervisor and the functioning of the current Co-ordination Committees.

## **2.3. Support to CEIOPS training activities**

The IGSC will continue providing input in the seminars and training sessions organised by CEIOPS on issues that are of relevance to the expert group.

# **3. Organisation and structure**

## **3.1. Chair**

Petra Faber-Graw (Bafin, Germany)

## **3.2. CEIOPS Secretariat**

Perrine Kaltwasser (secretariat@ceiops.eu)

## **3.3. Organisation of the different workstreams**

The work of the working group has been divided in a number workstreams. In paragraph 4 a description of the different workstreams and information on the timing of the deliverables can be found.

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<sup>2</sup> COM (2008) 119 final.

## 4. Deliverables and deadlines<sup>3456</sup>

Reference	Description of issues	Details of issues	Kind of Info needed from QIS4	Timeline draft advice	Timeline final advice
<b>CEIOPS advice Solvency II</b>					
<b>Workstream 1</b> 225 (3) and (4) (may) / Art. 263 (2) (may)/ Art. 245 (shall) with references to 234/244 (also relation with art. 216 (2))	Consequences of equivalence decisions for the group calculation methods	How to include third countries undertakings in the calculation of the group SCR	Group calculations EEA and world-wide	March-June 2009 (art. 245) and Qu. 2-3 in 2010 (art. 225 and 263)	October 2009 and Qu.1/2011
<b>Workstream 2</b> Subsection 2, 3 and 4 (art. 232 with reference to Art. 218-227 and 228-231, art. 237 3b)	Group Solvency Calculation (shall)	GSR calculation, diversification effects and related transferability issues, geographical diversification on the basis of the analysis of QIS 4 and questions on reinsurance to see if it fits	On the group SCR calculations and the issues in relation to include third countries and other sectors	June 2009	October 2009
<b>Workstream 3</b> Art. 248 (4)/ Art. 249 (4)	Definition, identification and reporting of a significant risk concentration and IGT (may)	<b>RC:</b> Defining "significant" RC  Identifying the types of RC that a group shall report  Criteria for the frequency of reporting	N/A	L2: June 2009  L3: Qu.2-3/2010	L2: Oct. 2009  L3: Qu.1/2011

<sup>3</sup> The basis for the identification of the Level 1 implementing measures is the Level 1 Directive proposal from February 2008. At some occasions however, some minor adjustments have been made to take into account the Council compromise agreed under the Slovenian presidency in June 2008.

<sup>4</sup> The priorities are being established having regard to the importance of the issue (a crucial issue has a high priority). The deadlines are broadly divided according to two phases of consultation (following March and June Members' Meetings). Timing of the advice may be subject to change following decisions on the Level 1 text and the progress of the work.

<sup>5</sup> Shaded in 'ivory' are the workstreams with deliveries before end 2009.

<sup>6</sup> Shaded in light green are the workstreams that have already been finalized either by end 2008/early 2009.

Reference	Description of issues	Details of issues	Kind of Info needed from QIS4	Timeline draft advice	Timeline final advice
		<p>Thresholds that the supervisors/ college "shall" develop</p> <p><b>IGT:</b> Defining "significant" and "very significant" IGT</p> <p>Criteria for the frequency of reporting</p> <p>Identifying the types of IGT that a group shall report (Art.248(3)) applies by analogy</p>			
<b>Workstream 4</b> a) Art. 245/ Art. 252 (3)/ Art. 253 (2) b) Art. 251 c) ECOFIN	<p>a) Cooperation and coordination and information exchange (shall)</p> <p>b) Determination of Group Supervisor – Level 3 (may)</p>	More details based on 30 proposals to include in forthcoming implementing measures in CEIOPS-DOC-25/08. The work on the membership and the organisation of a Co-Co will be prioritised	N/A	<p>L2: March-June 2009</p> <p>L3: Qu.2-3/2010</p>	<p>L2: October 2009</p> <p>L3: Qu.1/2011</p>
<b>[Workstream 5]</b>	[Possible further work on the Group Support Regime is kept in a stand-by modus till the Level 1 text is being endorsed]				
<b>Workstream 6</b> Art. 262	Coordination of enforcement measures (may)		N/A	L3: Qu.2-3/2010	L3: Qu.1/2011
<b>Workstream 7</b>	Coordination with other CEIOPS SII expert groups	Capital add-on (art 37)	To be seen	<p>L2: March 2009</p> <p>L3: Qu.2-3/2010</p>	<p>L2: Oct. 2009</p> <p>L3: Qu.1/2011</p>
		Supervisory Reporting (art. 35) and Public Disclosure (art. 55 and art. 260)	Results and tables of QIS4 on groups to be compared with draft Pillar V tables	<p>L2: March 2009</p> <p>L3: Qu.2-3/2010</p>	<p>L2: Oct. 2009</p> <p>L3: Qu.1/2011</p>

Reference	Description of issues	Details of issues	Kind of Info needed from QIS4	Timeline draft advice	Timeline advice final
		For SRP and ORSA see IGSC workstream RAS	To be seen	L3: Qu.2-3/2010	L3: Qu.1/2011
		Transparency and Accountability of Supervisory Authorities (art. 30)	To be seen	L2: March 2009 L3: Qu.2-3/2010	L2: Oct. 2009 L3: Qu.1/2011
		Usetest and approval process of an internal model	To be seen	June 2009	Oct. 2009
<b>Workstream 8</b> Art. 214 (7)/215	Ultimate participating undertaking at national level (may) & at regional level (may)		N/A	Qu.2-3/2010	Qu.1/2011
<b>General SII</b>					
<b>Workstream 9</b>	Input to the Impact Assessment		To be seen	March-June 2009 and Qu.2-3/2010	Oct. 2009 and Qu.1/2011
<b>Workstream 10</b>	QIS4				Nov. 2008 final QIS4 report
<b>Workstream 11</b>	Start thinking on QIS5		N/A	Depending on further decisions of CEIOPS and EC –start work after summer 2009	
<b>Follow up ECOFIN</b>					
<b>Workstream 12</b>	Legal issues delegation of tasks and competences (3L3 task force)		N/A	End 2008/Early 2009	End 2008/Early 2009
<b>Workstream 13</b>	Implementation Crisis MoU	The aim is to propose relevant changes in the Co-Co Guidelines, the Statement of the role of the lead supervisor and the Guidelines on information exchange, or to prepare some separate guidelines for the crisis management based on the MoU and the Common Practical Guidelines	N/A	Qu.1/2009	Qu.2/2009

Reference	Description of issues	Details of issues	Kind of Info needed from QIS4	Timeline draft advice	Timeline final advice
<b><u>Workstream 14</u></b>	Helsinki list/lead-supervisor	Updates of the supervisory authorities involved in the supervision of an insurance group including its lead supervisor and discuss possible improvements	N/A		Ongoing updates every 3 months
<b><u>Workstream 15</u></b>	IGD Database update	Update including the implementation of the Reinsurance Directive		September 2008	Published in November 2008. Updates to be double checked again early 2010
<b><u>Workstream 16</u></b>	Functioning CoCos	Reporting on the improvements of the functioning of the Co-Cos	N/A	Qu.1/2009	Qu.1/2009
<b><u>Workstream 17</u></b>	Risk Assessment System (RAS) for groups (including SRP and ORSA - art. 28, 36, 44)	RAS for groups including the elements of the SRP and ORSA for groups	N/A	Qu.2-3/2010	Qu.1/2011
<b><u>Workstream 18</u></b>	Relation third countries on ongoing groups supervision/ implementation of the model MoU	Ongoing Yearly Forum in EU with list of interested parties/ link with CEIOPS training programme	N/A		Autumn 2009
<b><u>Workstream 19</u></b>	Training initiative		Results QIS4 for insurance groups		4 November 2008 (Trieste) finalised. In 2009 two other seminars