



Groupe Consultatif Solvency 2 Project – Monthly Report for Insurance Committee

3 March 2009

Introduction

This report provides an update on the progress of the Solvency 2 project. This follows the half yearly face to face project team meeting held on 17 February 2009, and the monthly teleconference call of the project team on 3 March 2009.

Meetings and events to date

The progress of the directive is still pending a compromise on the group supervision issue. The latest information suggests that unless a compromise can be reached by 20 March, then it may need to go through a new parliament and new commission.

- The CEIOPS FREG stakeholders meeting was held on 9 February 2009. Due flight cancellations Seamus Creedon and David Paul were unable to attend. However Siegbert Bauldauf did attend and represented the Groupe. It appears that CEIOPS is under pressure to develop prescriptive implementing measures rather than more principle based measures. This is to achieve maximum harmonisation. There is some lack of clarity around what should be in Level 2 and 3.
- CEIOPS has approached the Groupe regarding advice on health insurance. Currently there is no working group looking at the issue of health insurance. This can potentially be an topic that could be addressed by a small task force of actuaries. This is a question for the Insurance Committee to address.
- Seamus Creedon attended the CEIOPS Consultative Panel meeting on 26 February 2009. The meeting covered topics such as the urgency of Solvency 2, de Larosiere report, CEIOPS Solvency 2 work programme, Level 2 vs Level 3 measures, actuarial function / standards and pensions.
- The project team has completed responses to all questions raised in the letter from Fin Req dated 18 September 2008.

Actuarial standards

Given that the need for standards has been reinstated into the draft directive, the Groupe should consider taking the initiative and addressing how the standards will be set.



Working Group Activities and Progress

<p>Life Pillar I Working Group</p>	<ul style="list-style-type: none"> • During the month the working group has been preparing a response to questions raised by the FinReq group. The questions are: <ul style="list-style-type: none"> • At what level should assumptions be set e.g. portfolio level or at entity level • How should lines of business be defined?
<p>Non Life Pillar I Working Group</p>	<ul style="list-style-type: none"> • The group has produced a paper comparing the approach to best estimates across different countries • The group has responded to supplementary questions on its report on reserving • The group also contributed to a response to CEIOPS on lines of business / segmentation and catastrophe risks
<p>Pillar II and III Working Group</p>	<ul style="list-style-type: none"> • The group has obtained two sets of data now to develop its case studies of the solvency report • Esko Kivisaari attended the CEIOPS IGSRR stakeholders meeting on 9 March 2009 concerning ongoing work on reporting by insurance undertakings. Written feedback to CEIOPS will be submitted by 9 April.
<p>Groups Working Group</p>	<ul style="list-style-type: none"> • Recently the group completed and released a response to the questions raised by CEIOPS on the letter from 18 September 2008 • The group prepared and released a response to the questions raised by CEIOPS on transferability and fungibility • The group has also released a paper on ideas for calculating the diversification method. The Groupe has offered to present the paper to CEIOPS and is currently awaiting a response.
<p>Internal models Working Group</p>	<ul style="list-style-type: none"> • Mark Chaplin is taking on the chairmanship of the group • The next working group meeting will take place, partly together with CEIOPS IMEG, in Frankfurt on 19/20 March • Hans Peter had a conference call with Paolo Cadoni to discuss the IMEG work plan. Paolo asked specifically for comments on chapter 2 of the stock take paper which the group has prepared and released. • The group will look to respond to the internal models stocktaking paper in full by the end of March 2009 • The group prepared a response to a consultative paper by the Board for Actuarial Standards in the UK



Solvency 2 Project Team Update

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