

Matkaraportti AAE:n Solvenssi II ohjausryhmän kokouksesta Brysselissä 22.2.2019

Osallistuin jäsenenä ja IC:n varapuheenjohtajana AAE:n Solvenssi II - ohjausryhmän kokoukseen Brysselissä 22.2.2019.

Kokous käsitteli pitkälti valmistautumista vuoden 2020 kaavailtuihin Solvenssi II:n muutoksiin sekä töiden jakoa ja tilannekatsausta eri alatyöryhmien osalta. Asiasta on informoitu SAY sääntelytyöryhmää, jonka toivotaan osallistuvan tähän työhön ja tuomaan näkökulmia AAE:lle.

Alla esitetään kokouksen pöytäkirja, josta selviää keskeiset kokouksessa käytyt asiat.

Lauri Saraste

ACTUARIAL ASSOCIATION OF EUROPE SOLVENCY II PROJECT

SOLVENCY II WORKING GROUP, MEETING IN BRUSSELS

22. FEBRUARY 2019

The following agenda had been used to develop a slide deck with short comments on all agenda items. These will not be repeated here.

1) Status of Solvency II (SCR – Review)

2) Status of activities

- Concerning EIOPA: Overview of past activities
 - Consultations
 - Consultations on recovery & resolution, sustainability, illiquid liabilities, reporting and disclosure
 - Status draft DR
 - Stakeholder events
 - Illiquid liabilities

- Publications
 - LTG report
 - Stress Test results
- Others
- Working group:
 - Status of taskforce activities
 - Lauri (Interest rate related issues)
 - Malcolm (risk margin)
 - Siegbert (Macroprudential elements)
 - Review of the list of further topics

3) Falco Valkenburg: Cash flow analysis in pension business vs. Solvency II (at 2 p.m.)

4) In preparation for the Spring Meeting in Sofia. Decide on presentations

Joint Committee Meeting

Insurance Committee

Risk Management Committee

Relating to 2): Additional information to In addition to the consultations:

- Illiquid liabilities: The announced data request will start soon-term. Board of Supervisors deals with this issue in the February meeting. Identification of participating undertakings by national supervisors expected.
- Reporting and Disclosure: Deadline for comments had been 21 February 2019. EIOPA had offered to consider on a best effort basis also input submitted after the deadline but before 31 March 2019. Besides some first comments from DAV no additional feedback was available. We had been of the opinion that actuaries should use this opportunity to express their concerns relating to the current requirements. Tony will address this issue in the forthcoming call of the Insurance Committee (4 March 2019).

Others:

Consumer protection: In January, EIOPA published its first Report on **Costs and Past Performance** of insurance and pension products. They had identified significant challenges in comparing profit participating products. EIOPA has asked the AAE to provide support in gaining insight to participating business for future reports. Tony will ask Insurance Committee for support.

Relating to 3) Participants had a vivid discussion in relation to Falco Valkenburgs presentation “Cash flow analysis in pension business vs. Solvency II”. Although it is about Cash flows, the approach is not comparable to the treatment under the Solvency II regime. A projection of liabilities without considering asset cash-flows does not allow a reliable assessment of e.g. capital needs.

Nevertheless, this approach can be a step towards a better assessment of risks inherent in the pension business. A pillar 1 – calculation is not required for IORPs. The aforementioned cash-flows could be used to calculate internal rates of return needed to meet the contractual obligations. This can provide useful information. Further development of the methodology is recommendable.

Relating to 4) Future tasks will be affected by Commission’s request for technical support. In relation to macroprudential tools, this request contains a “closed list” of only four tools (out of 13 contained in EIOPA’s paper).

Others:

EIOPA’s working group on the supervision of Technical Provision has contacted Ad Kok. Next meeting is scheduled for 18 March 2019 in Frankfurt. They are interested in experience and knowledge on current market practices on technical provision calculations, especially in relation to contract boundaries, expected profits in future premiums, economic scenario generators, future management actions, expenses projection and policyholder behaviour. AAE had handed over a benchmark study (white paper) on Observed practices for Standard Formula across Europe to Gabriel Bernardine during the December meeting.

Committee spring meetings in Sofia

The content of a presentation (20 minutes) during the joint committee meeting has been discussed. It should contain the following topics:

- Solvency II
- Risk margin
- Call for Advice
- Sustainability
- EIOPA work programme

Elaborations of these issues could be presented to Insurance and Risk-management Committee.

Relevance for Pension Committee:

Further issues to be dealt with during the joint meeting are

- Cash flow. Analysis analysis
- ORA/ORSA