

Terms of Reference for the Solvency II Project of the Groupe Consultatif

1. Project Overview

At its meetings of 2 October 2003 and 25 March 2004, the Insurance Committee of the Groupe Consultatif has established a Project to support the Committee in providing advice to the European Commission, EIOPA, the European Parliament and the European Council on the actuarial aspects of the EU Solvency II Directive. These Terms of Reference formalise the structure and operation of the project which have evolved since its establishment.

The duration of the Project will be until the Directive has become legislation, with an extension, if appropriate, until the Directive has been implemented. The success of the project is measured by the recognition of the Groupe Consultatif by the European Commission and EIOPA as a key stakeholder in the Solvency II programme.

The Project includes working groups defined with reference to the approach of the above mentioned organisations and especially of EIOPA. Each working group is chaired by one of its members. The working groups report into the Project Team which offers advice to the Insurance Committee based on the output from the working groups. Advice once approved is submitted through the Project Team to the above mentioned organisations as appropriate. Advice includes technical assistance and support, and explanation of actuarial methodology, but avoids provision of opinions which may have a political (non-actuarial) bias. The Project Team takes responsibility for establishing and developing contacts between the Groupe and relevant organisations for Solvency II issues.

Although the project was established within the Insurance Committee, liaison will be maintained with other committees of the Groupe, in particular the Pensions Committee and the Investment and Financial Risk Committee. Input from these other committees will be invited as appropriate.

2. Project Structure

The members of the Insurance Committee propose the candidates for membership of the working groups. In practice, it is not feasible to have representatives from every association; nevertheless, the project management will endeavour to be sensitive to the views of those associations, particularly the smaller ones, which are not represented. The Chairman of the Insurance Committee, the Project Manager, and (once appointed) the Chairperson of the working group nominate the members of the working group from proposed candidates. In appointing members of the working groups, every attempt will be made to ensure a reasonable geographical spread; normally not more than one nominee from any association or country may be a member of a working group. Candidates must have experience in the appropriate technical area, and must be able to commit time to regular participation in the working group.

The Chairperson and Vice-Chairperson of each working group are selected from the proposed candidates of that working group by the Chairman of the Insurance Committee and the Project Manager. The nomination of the Chairpersons and the Vice-Chairpersons is confirmed by the Insurance Committee formally appointing them. The Chairpersons and Vice-Chairpersons must have experience in the appropriate technical area, relevant experience in managing a group of professionals, and must be able to commit time to fulfil the role of Chairperson / Vice-Chairperson.

The Project Manager is selected by the Chairman of the Groupe Consultatif, the Sponsor of the Project and the Chairman of the Insurance Committee, from a list of candidates proposed by the members of the Insurance Committee. The nomination of the Project Manager is confirmed by the Insurance Committee formally appointing him/her. Candidates must have relevant experience in the area of Solvency II, must have experience in project management and must be able to commit time to fulfil the role of Project Manager.

The Project is supported by a Sponsor, nominated by the Officers of the Groupe Consultatif at the proposal of the Chairman of the Insurance Committee from among the members of the Insurance Committee. The Sponsor must have relevant experience in the area of Solvency II and be willing to commit time to fulfil the role of Project Sponsor.

The Project Team includes the Project Manager, Project Sponsor, the Chairman of the Insurance Committee, and the Chairpersons and Vice-Chairpersons of the working groups. The Chairman of the Groupe Consultatif is an ex-officio member of the Project Team. Project Team meetings are chaired by The Project Manager.

All members of the Project Team serve for a period of three years in the first instance, and would normally not serve more than two 3-year terms.

3. Project Roles

The Insurance Committee

- Has overall responsibility for the Project
- Obtains monthly reports and on other occasions as appropriate on the progress of the Project and discusses the status of the Project at its regular bi-annual meetings
- Reviews and approves as appropriate advices received from the Project Team
- Confirms nominations for Project Manager, and Chairperson and Vice-Chairperson of each working group, and formally appoints them

The Chairman of the Insurance Committee

- Liaise with the officers of the Groupe on the subject
- Has overall supervisory responsibility for the Project; this includes its compliance with the principles underlying the Statutes (in particular Articles 2 and 13) and the code of conduct of the Groupe Consultatif
- Represents the Groupe Consultatif in the official communications (e.g. signing formal submissions) and contacts with the above mentioned organisations relating to the Solvency II Project
- Submits a report to the General Assembly of the Groupe Consultatif on the Solvency II Project as part of the annual report of the Insurance Committee

The Project Team

- Reviews outputs from the working groups
- Proposes advices/comments for discussion and approval by the Insurance Committee
- Submits approved advice/comments to relevant organisations
- Establishes and develops contacts with relevant organisations

The Sponsor of the Project

- Acts as a sounding board (advising capacity when asked for or when appropriate) for the Chairman of the Insurance Committee and the Project Manager
- Secures the general and wider interest of the Groupe throughout the project, maintaining liaison with the chairmen of other committees of the Groupe Consultatif and inviting input from them as appropriate
- Receives the copies of the activity reports submitted by the Project Manager and the Chairperson of the working groups.
- Submits a report to the Officers four weeks before the annual General Assembly of the Groupe or at their request.

The Project Manager

- Coordinates the work by agreeing with the Chairpersons of the working groups on the deliverables and the planning
- Assures a consistent approach throughout the Project
- Arranges meetings of the Project Team as necessary
- Coordinates (with the Groupe Secretariat) communications to the Insurance Committee, to the members of the Groupe Consultatif and to the external world on Solvency II issues
- Represents the Groupe Consultatif (after consultation with the Chairman of the Insurance Committee for official communications and contacts) and impartially presents the point of view of the Groupe, in accordance with the provisions of Article 13, at appropriate events
- Submits a report to the Chairman of the Insurance Committee four weeks before the meetings of the Insurance Committee or at his request.
- Submits monthly progress reports to the Chairman and the members of the Insurance Committee
- attends meetings of the Insurance Committee, and should be able to attend meetings of the General Assembly and other committees of the Groupe when matters relating to Solvency II are considered

The working groups

- The working groups prepare the advice/comments of the Groupe Consultatif in the field as described in the definition and the scope (annex 1).

The Chairperson of each working group

- Coordinates the activity of the working group
- Assures the quality and timeliness of the deliverables
- After consultation with the Project Manager and the Chairman of the Insurance Committee, may represent the Groupe Consultatif and impartially present the point of view of the Groupe in accordance with the provisions of Article 13
- Submits a report to the Project Manager and the Chairman of the Insurance Committee four weeks before the meetings of the Project Team and the Insurance Committee, or at their request.

The Vice-Chairperson of each working group assists and, as and when necessary, deputises for the Chairperson in fulfilling the above functions.

Co-ordination groups

- Co-ordination group activity is organised on an ad hoc basis., with reference to subjects that have been agreed beforehand by the Insurance Committee. A co-ordination group is created when the criteria (see Insurance Committee meeting of 26 September 2009) are met and is dissolved when the initial objective has been realised.
- A Co-ordination Group is installed by the Insurance Committee on the proposal of its Chairman and the Project Manager of the Solvency II project.
- The member association of the Insurance Committee accept the Co-ordination Group and a majority of associations representing a substantial number of actuaries commit to support. The representative in the Insurance Committee is assumed to be the contact person to his/her association unless communicated otherwise.
- The Chairperson of the Co-ordination Group is nominated following the same nomination procedure as for Chairpersons of Working Groups. They become member of the Project Team SII and function in the same way as the Chairpersons of the Working Groups.
- The existing working groups will continue to play the main role in formulating advice on the part of the Groupe and continue to mirror the EIOPA expert groups.

Karel Goossens
Chairman, Insurance Committee

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Working Groups definition and scope

Last version : March 2009

The Insurance Committee has decided to mirror the expert groups of EIOPA.

The four EIOPA working groups, are as follows -

- **Financial Requirements Expert Group**
It will cover the former Solvency II Pillar I Expert Group's responsibilities, and QIS execution, but excluding internal model and group-related issues.

- **Internal Models Expert Group**
It will be responsible for drafting technical validation standards for internal models.

- **Internal Governance, Supervisory Review and Reporting Expert Group**
It will combine the responsibilities of the former Pillar II and Pillar III Expert Groups, including pure accounting issues, but excluding internal model and group related matters.

- **Insurance Groups Supervision Committee**
It will add to its present responsibilities, group aspects under Solvency II.

- **Co-ordination Group on Best Estimates**

The Groupe's Solvency II project structure currently addresses the Financial Requirement Expert Group by two working groups covering separately the life insurance and the non life insurance subjects.