

EIOPA Work Programme for 2012

January 2012



EIOPA have published their work programme for 2012. In this briefing note we consider the implications and deliverables for Solvency II over the next year.

INTRODUCTION

On 23 January 2012, the European Insurance and Occupational Pensions Authority (EIOPA) published its work programme for 2012 setting out EIOPA's goals and deliverables for 2012.

In relation to Solvency II, this plan reflects the urgency with which EIOPA is seeking to move from drafting regulation to ensuring implementation in what should be the final preparatory year before Solvency II becomes operational.

The document states that while pre-consultations on the Solvency II standards and guidelines will continue during the beginning of the year, EIOPA intends to launch a "major wave of public consultations" on these documents throughout May and June 2012. This should mark the final stage in the preparation of the regulation required for Solvency II to be implemented. Final delivery of the standards and guidelines is currently planned for September 2012. However this may depend on the ultimate timing of the ECON vote on Omnibus II, which has recently been delayed until 21 March 2012 (and the Parliamentary Plenary sitting currently scheduled for 17 April 2012), as well as the subsequent approval of the final Delegated Acts.

We note that there have been a number of public consultation papers already in circulation and that the Groupe Consultatif has made public its comments on several of these (on the ORSA and Quantitative Reporting Templates) on its website (<http://www.gcactuaries.org/solvency.html>).

EIOPA PRIORITIES

EIOPA has stated that, during this year, it will also be putting into place the necessary procedures for carrying out its obligations under Solvency II, including the specification of the discount rate and

monitoring on-going consistency of Solvency II with international accounting standards.

The document sets out EIOPA's priorities for 2012, which it has stated will be elaborated in the form of standards or guidelines.

These include:

- Valuation of assets and liabilities (including determination of the risk-free interest rate curve and guidelines for the calculating the best estimate and risk margin)
- Further specification of the SCR requirements for specific areas such as catastrophe risk or health risk
- The assessment and approval processes for the use and issuance of own funds
- Convergence and consistency of internal model application reviews between supervisors
- Supporting national implementation of the binding technical standards on reporting requirements
- Finalisation of guidelines for the ORSA, the risk assessment framework and on the process of supervision
- Ensuring application of Solvency II requirements for group solvency and supervision - including guidelines on intra-group transactions and clarification on how Solvency II would apply to third country insurers operating in the EU via branches.

The work plan also sets out the work that EIOPA will be carrying out in relation to occupational pension schemes, and in particular how the Institutions for Occupational Retirement Provision (IORP) Directive could be extended to achieve a

harmonised and risk based supervisory and regulatory framework.

Methodologies for achieving this via a holistic balance sheet approach will be developed, in cooperation with the industry, over the first half of 2012 setting the stage for a QIS exercise targeted at these areas later in the year.

All these developments will entail a further growth of the organisation, in terms of budget and resources. Staff numbers in EIOPA will grow from 46 to 69 in 2012. The budget will grow from €10.6m to €15.6m, with a share of 40% from the Commission and 60% from its Members.

The full EIOPA work plan for 2012 can be accessed here: <https://eiopa.europa.eu/en/about-eiopa/work-programme/index.html>

Copies of Solvency II summary papers, together with copies of papers on other topics published by Milliman, can be found on our website.

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