

EIOPA-IRSG-12-14

February 2013

Subgroup on Internal Models Mandate

I. Background

EIOPA issued an opinion on 20 December 2012 on the possibility of introducing some elements of Solvency II before final entry into force of the new system of prudential supervision. The aim is to ensure that there is a consistent and harmonized approach to the requirements provided by the new regime, preventing the individual national authorities take - before Solvency II is finally approved - uncoordinated measures, with the risk of detriment of the single insurance market.

EIOPA believes that the pre-application of internal models is one of the crucial aspects for a prospective and risk-based supervision. To this purpose, EIOPA will issue Guidelines addressed to national competent authorities covering, inter alia, the pre-application of such models. The Guidelines will be subject to a comply or explain procedure.

In accordance with the outlined framework, the sub-group on internal models will perform the following tasks. This sub-group is organised in respect of the Article 10 of the Rules of Procedures.

II. Tasks of the IRSG Internal Models Subgroup

- To co-ordinate feedback to EIOPA on how to enhance convergence between European supervisors on the timing and amount and format of the supporting documentation.
- To provide high-level indications to EIOPA on aspects such as data quality, standard formula versus internal models, consistency between different insurance lines;
- To Deliver the IRSG opinion on EIOPA public consultation regarding Internal models and submit it or approval to the IRSG members.
- To feedback to EIOPA on the focus and objectives of the Centre of Expertise for Internal Models.
- Any other tasks decided upon by IRSG

III. Expiration of mandate

The mandate of the IRSG Internal models Working Group expires with the fulfillment of the tasks described above and latest by August 2013, when the IRSG mandate expires.

IV. Organisation of work

Following the June 27, 2012 meeting at Frankfurt, the IRSG decided to launch a specific sub-group to prepare an opinion on Internal Models. Members and lead of the subgroup were appointed in the 18 October meeting. Approval on the mandate of this Subgroup is expected at the IRSG meeting on 22 February, 2013.

The work is organized through conference calls with the members of the working group and one or two representatives of EIOPA for organisational/technical support.

The working Group leader sends documents at least one half-day before the conference call gathering the working Group members comments.

V. Working group lead

- Lead: Pierpaolo Marano

VI. Members

- Members: Hugh Francis and Jean Christophe Menioux (industry representatives); Thomas Behar, Seamus Creedon, Guenter Droese and Rob Jones (users representatives); Rym Ayadi, Maria Heep-Altiner and Pierpaolo Marano (academics representatives).

VII. Deliverables

IRSG Subgroup on Internal Models	Timeline (Q1 to Q2 2013)	IRSG expected date of approval
Deliverables		
Feedback to EIOPA on Solvency II Interim Measures – Internal Models	Q1	Written procedure (tbd)
Presentation to full IRSG on aspects such as data quality, standard formula versus internal models, consistency between different insurance lines	Q2	IRSG meeting 16 April
Draft Opinion on Internal Models	Q2	Following IRSG meeting 16 April