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International Capital Standard Update

EIOPA Insurance & Reinsurance Stakeholder Group meeting
Frankfurt, 7 June 2017

- Why is the topic on the agenda?
 - Importance of ICS Project including potential side-effects on Solvency II
 - Input from IAIGs and stakeholders is critical
- What is expected from IRSG?
 - Views on ICS Project and feedback to ICS 1.0
 - Industry involvement in Field Testing
- Next steps
 - Field Testing 2017 and release of ICS 1.0

- ICS 1.0 for Extended Field Testing will be released in July
- Extended Field Testing means:
 - o The field testing exercise is extended to all potential IAIGs and other interested groups (Volunteer Groups). It is expected that there will be a number of new Volunteer Groups in 2017 Field Testing. Volunteer Groups are requested to provide a complete Field Testing Template and Questionnaire, on a best efforts basis.
 - o The exercise contains extended data requests on technical and policy issues that the IAIS will be seeking to resolve for ICS Version 2.0. The design and calibration of 2017 Field Testing, including options provided, is not necessarily indicative of decisions that will be made for ICS Version 2.0.

- The exercise includes all the options under consideration in key areas such as Valuation, MOCE and Capital Resources
- The exercise is agnostic with regard to these options, by not establishing any “default” or “benchmark” approaches. All possibilities are tested on equal footing
- The only exception is Valuation of insurance liabilities (benchmarks are defined for MAV and GAAP+)
- This means Capital Resources and Capital Requirements are not automatically computed. IAIGs will use a simulation tool to combine options to build those figures
- Initial exploration of the topic of Internal Models is included via the Qualitative Questionnaire

- 2017 Field Testing currently running until 1 September 2017
- Q&A procedure is in place, as in previous exercises
- The exercise will again include additional calibration data requests (the EU market was poorly represented in 2016 data collection → May lead to more penalizing calibration)
- ICS 1.0 will be published in July
 - Despite it is not a formal Public Consultation, Stakeholder input will be requested, to inform the further development of ICS 2.0 (which should be completed by end-2019)