



**eiopa**  
EUROPEAN INSURANCE  
AND OCCUPATIONAL PENSIONS AUTHORITY

# Experiences from 1<sup>st</sup> wave IM applications and approach to on- going supervision

IRSG Meeting  
Frankfurt, 16 February 2016

---

- Background
  - Approval process
  - Joint-decision making process
- Experiences from Day 1 applications
  - Blocking points
  - Joint-decision disagreements
  - Consistency issues
- Multi-year multi-tool approach
  - Examples of EIOPA tools
- Supervisory Review Process (SRP)

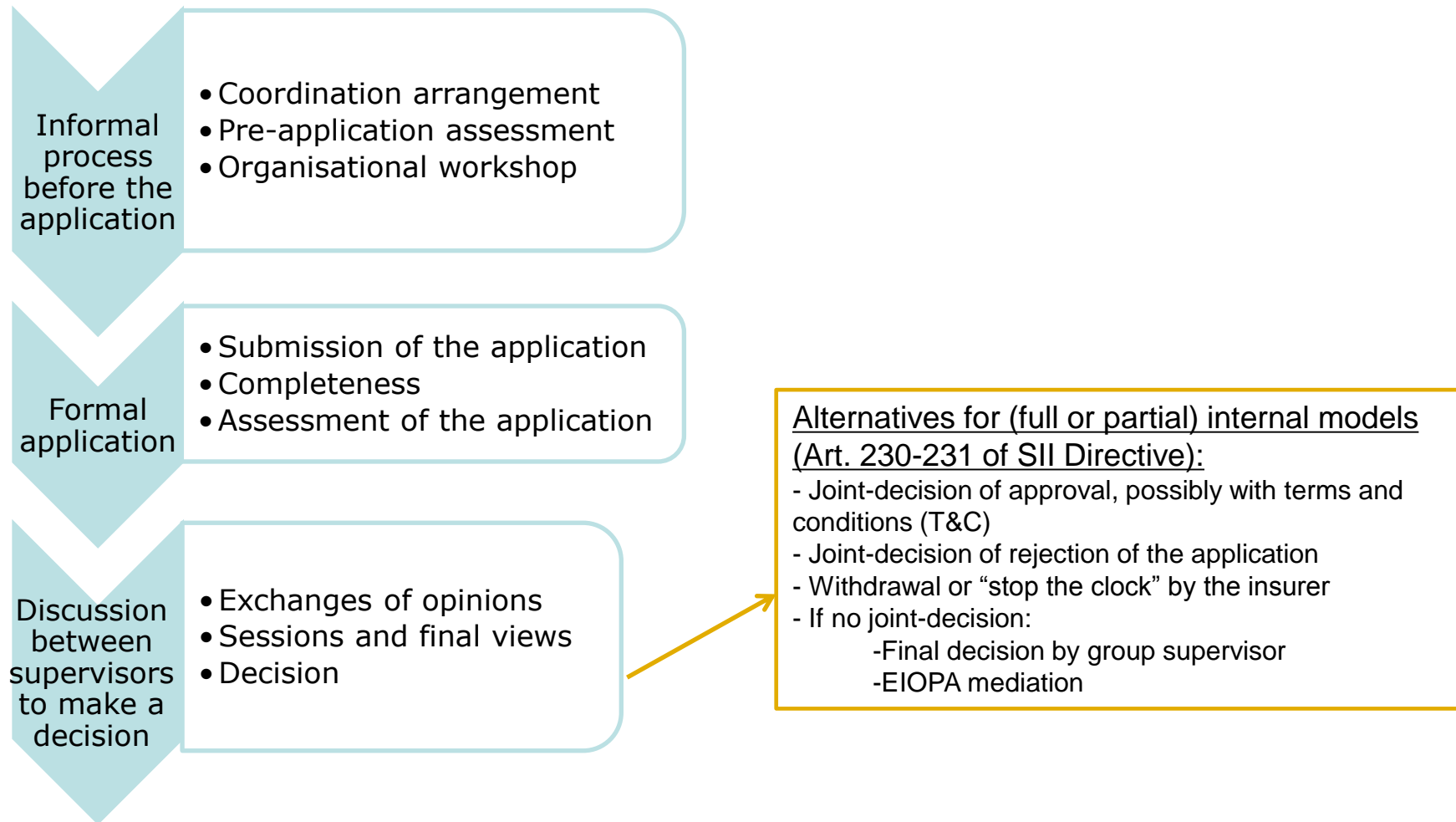
# The Approval Process

eioπα

1.4.2015 - 6 months - 31.12.2015



# The joint decision process for IM colleges at a glance



# Joint-decisions (JDs) and Blocking Points (BPs)



- In total, hundreds of smaller and also many bigger shortcomings (BPs) in GIMs were observed and reported in Issue Logs during pre-applications.
- Before/during application phase many BPs were solved but some issues were put in T&C and/or remediation plans. Some model scopes were diminished and timelines extended.
- For cross-border GIMs, CoEIM monitored and addressed (and will continue to address) these with a range of tools
- For Day 1 focus was on Joint-Decision Disagreements where NSAs had a different view on some major topic. Regular reporting was given to EIOPA management and to the BoS.
- In summary, formal JDs were generally reached but further work on consistency remains for future consistency projects.

# Examples of consistency issues

- Sovereign risk
- Volatility Adjustment
- Model calibrations
- Use of external models
- Approaches to T&C, reporting, validation, model changes etc

# EIOPA's multi-year multi-tool approach



- EIOPA will use a running approach of multiple tools to monitor internal models and to address the issues observed. These include
  - o regular and ad hoc studies/projects of quantitative or qualitative nature, and
  - o guidance and support to National Supervisory Authorities (NSAs) in form of EIOPA Opinions, SRP Handbook / Good Practices, Q&A etc (see below for concrete examples)

- 2 EIOPA opinions (CAP, sovereign risk modelling)
- Common Application Package (CAP)
- Practical Guidance (GPP for NSAs) on Joint Decision for Group Internal Models
- Questions and answers from NSAs
- Good practice papers (GPP) for NSAs on various topics
- Supervisory Review Process Handbook / Internal Model parts
- Papers to the Board of Supervisors (BoS) on important and topical IM issues, e.g. updates of the joint decision processes for cross-border group internal models.



- On-going appropriateness of Internal Models after the initial approval
- Process for the application and approval of major changes
- Supervisory Review Process Handbook / Internal Models chapter
- Training
- Implementation
- Lessons learned will give input to the process described above



**eiopa**  
EUROPEAN INSURANCE

AND OCCUPATIONAL PENSIONS AUTHORITY

# Thank you

Vesa Ronkainen  
Coordinator  
Centre of Expertise in Internal Models (CoEIM)  
[vesa.ronkainen@eiopa.europa.eu](mailto:vesa.ronkainen@eiopa.europa.eu)  
+49 69 9511 19 - 497

---