

OPSG Meeting – WS2 Quantitative requirements

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(OPC Chair)

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1. Level and extent of harmonisation

- o The benefit mix is not harmonized. The benefits provided by DB schemes will continue to differ among member states, as determined by national S&LL.
- o The probability that the Technical Reserves/assets of a pension scheme are sufficient to meet the different benefit mixes is harmonized, whatever they are in a particular Member State. These benefits should be delivered with the same level of security across Europe.

Question: What are OPSPG members views regarding these guidelines for the construction of the IORP II Directive?

2. The application of an hypothetical balance sheet

- o Balance sheet from the perspective of the IORP or from the perspective of the members
- o The consideration of Pension Protection Schemes and reductions in accrued benefits in the wider context of the member's perspective

Question: What are OPSG members views regarding this guideline for the construction of the IORP II Directive?

1. Valuation of the liabilities principles

- o Solvency II valuation principles of liabilities is based on the concept of transfer value (best estimate + risk margin)
- o The risk margin can be seen in two different ways: i) as a cushion for unfavourable short term volatility regarding the assumptions used in the best estimate or ii) as the element above the best estimate required for an undertaking to assume the liabilities (transfer value concept of Solvency II)

Question: What are OPSG members preliminary views regarding the risk margin in the IORP II Directive?

2. Reduction of benefits

- o The risk based framework to develop in IORP II Directive should take into account the benefit adjustment mechanism of reduction of benefits. This represents a fundamental difference with the insurance business.
- o Reduction of benefits can happen at the contractual level or as an ultimate supervisory measure to maintain the IORP “running”

Question: What are OPSPG members preliminary views regarding the way this benefit adjustment mechanism can be included in the IORP II framework?

3. Sponsor support

- o Sponsor support can be made in different forms (increases in contributions, sponsor liability principle, contingent assets and claims on the sponsor)
- o The “availability” of sponsor support could be defined by reference to the type of legal/contractual/statutory obligations (unlimited support, limited support or no automatic recourse)
- o Sponsor support can be taken into account in the hypothetical balance sheet in different forms (as an asset in the balance sheet, as a risk mitigating factor)

Question: What are OPSG members preliminary views regarding the way the sponsor can be included in the IORP II framework?



Thank you