



# QIS final report & discussion paper sponsor support

Barthold Kuipers, Chair OPC Subgroup QIS  
OPSG meeting  
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- Preliminary results of the QIS sent to COM and published on 9 April 2013
- OPSG feedback statement on preliminary results published in May 2013
- COM has announced on 23 May 2013 that:
  - forthcoming legislative proposal for revised IORP Directive will not contain solvency rules, and that
  - further technical work is needed in this area
- QIS final report published today

# Main changes in final report (I)



- More education and explanation
  - o Distinction between outcomes in main scenarios and comparison with current national regimes
  - o Main drivers of outcomes
  - o Sets with specific options also compared to current national regime
- Executive summary
- Overview of approaches taken by participants and their assessments

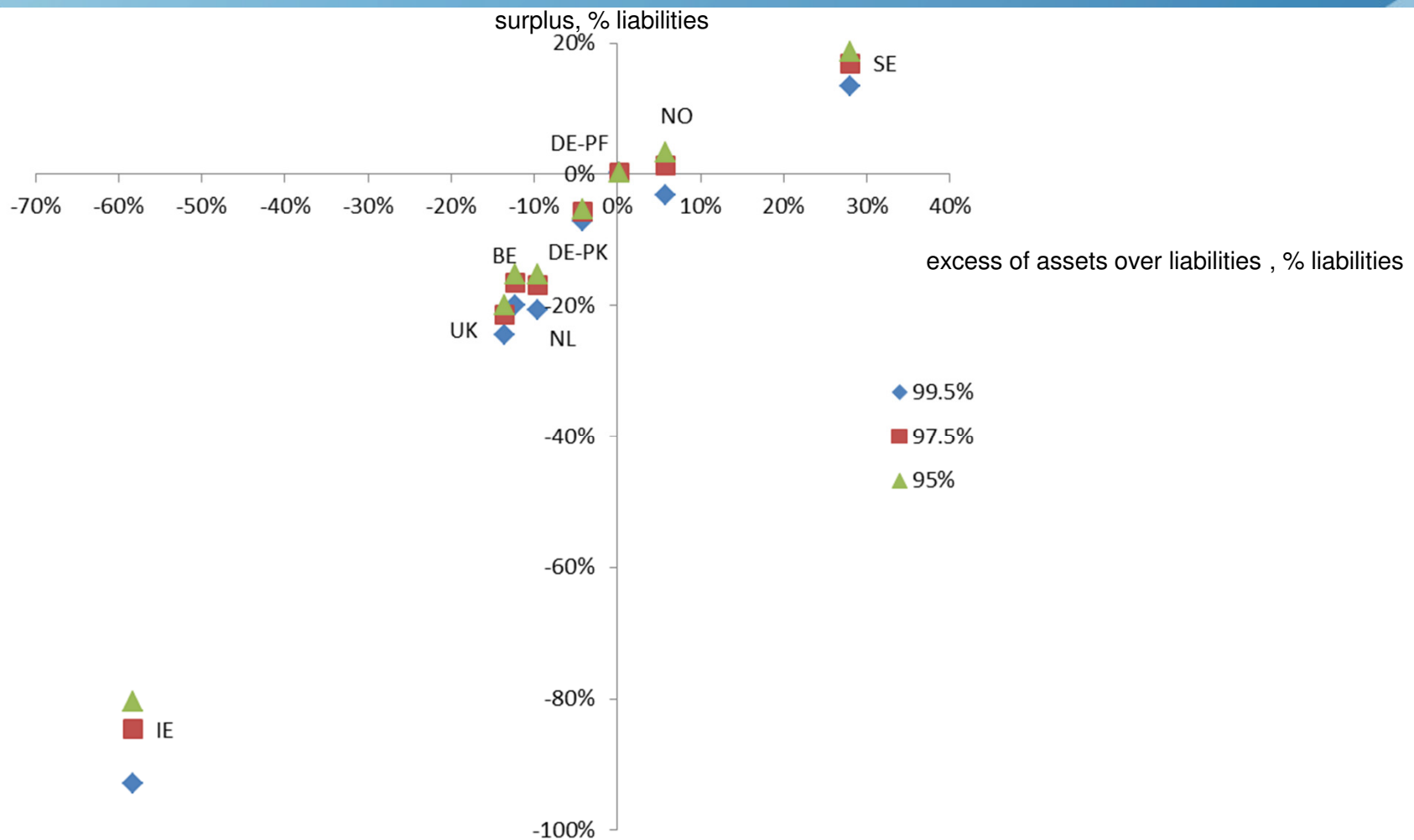
# Main changes in final report (II)



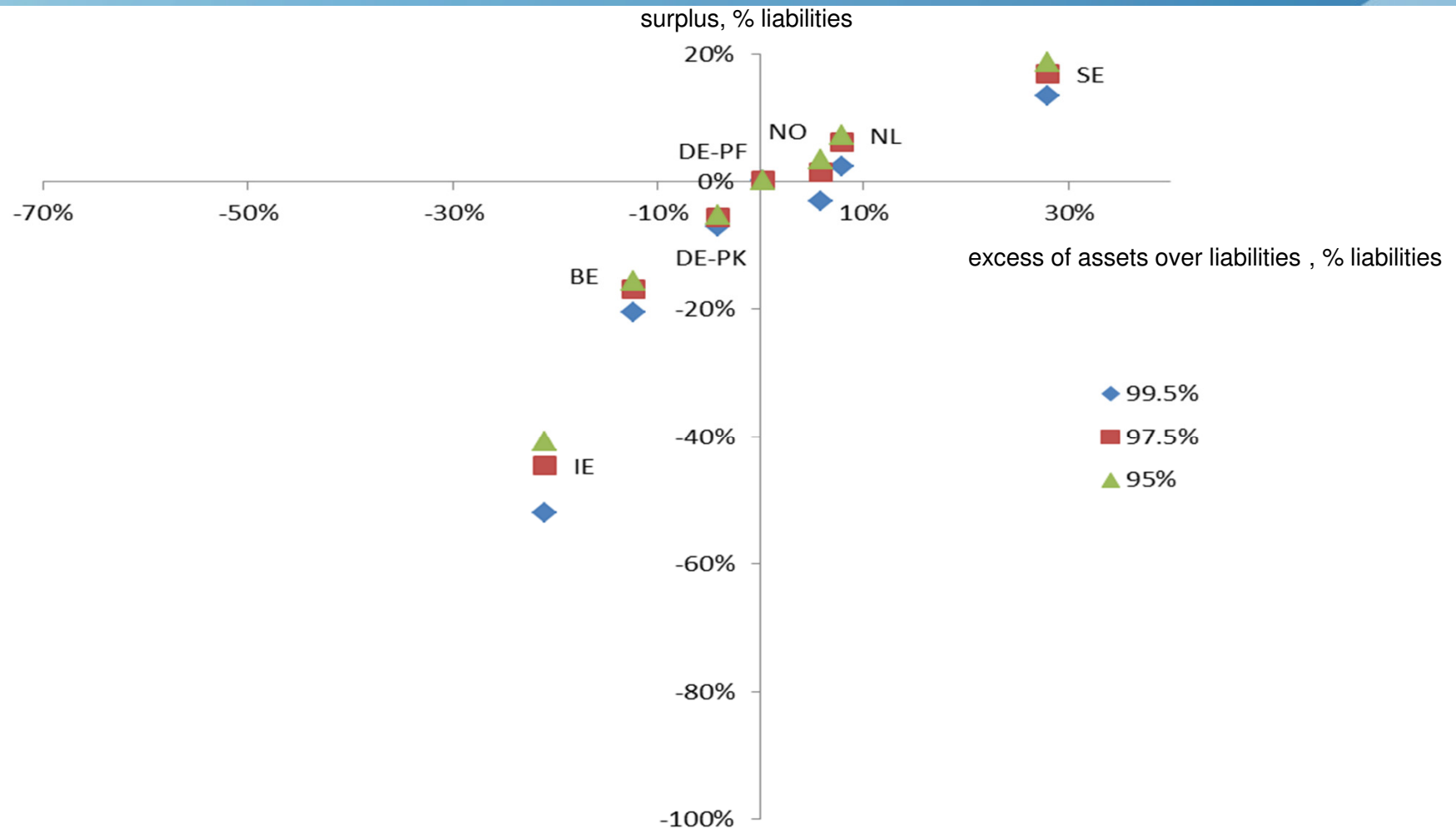
- Analysis of default risk of pension protection schemes in Germany, Sweden and UK
- Benefit reductions
  - o Complete results of IORPs in the Netherlands including ex post benefit reductions
  - o Second set of results in Ireland including ex post benefit reductions
  - o Two groups in benchmark scenario:
    - Set A without ex post benefits reductions and reductions in case of sponsor default
    - Set B with ex post benefits reductions and reductions in case of sponsor default

# Benchmark 3A: excess of assets over liabilities and surplus over SCR

eiopa



# Benchmark 3B: excess of assets over liabilities and surplus over SCR



- First study to assess financial situation of IORPs in comparable and transparent way
- QIS reinforces need to continue working towards EU regulatory regime for IORPs that is:
  - Market-consistent
  - Risk-based
- Further technical work needed to fully assess holistic balance sheet:
  - Sponsor support
  - Benefit adjustment mechanisms
  - Discretionary decision-making processes
  - Supervisory responses

- Presentation of final report during QIS closing event on 10 July 2013
- EIOPA will prepare work programme for conducting further study on issues identified before and during the QIS exercise
- Discussion Paper on sponsor support technical specifications published today



# Main issues valuation sponsor support



- Maximum amount of sponsor support
- Sponsor default probabilities based on ratings
  - EU aims to reduce sole and mechanistic reliance on credit ratings
- Non-legally enforceable sponsor support
  - limited conditional sponsor support
  - wider group support
- Timing of sponsor support
- Guidance for stochastic valuation methods
- High level of complexity for small IORPs

# Discussion paper consists of two parts



- General valuation principles sponsor support
  - explores directions for improving the general principles for the valuation of sponsor support with regard to issues raised by stakeholders
- Alternative, simplified tool to value unlimited sponsor support
  - based on credit ratios & affordability for sponsor
  - no credit ratings and maximum sponsor support needed
- All views expressed in discussion paper are preliminary with the aim of gathering feedback from stakeholders

# Feedback on discussion paper

- 36 questions
- 4 month response period until 31 October 2013
- EIOPA report on further work sponsor support in spring 2014