



Institute
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of Actuaries

Treasury Select Committee Inquiry

Open Forum



26 September 2016



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"Brexit provides an opportunity for the UK to assume greater control of insurance regulation.

The Solvency II Directive came into force in January, only after a heap of concerns had been expressed about it. Among its manifest shortcomings was the failure to secure value for money over its implementation.

The Treasury Committee will now take a look at the Brexit inheritance on insurance to see what improvements can be made in the interests of the consumer."

Andrew Tyrie MP – Committee Chair

26 September 2016



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Key Dates:

Inquiry opens 13 September

Inquiry closes 11 November

Inquiry link

<http://www.parliament.uk/documents/commons-committees/treasury/Terms%20of%20reference/EU-insurance-regulation-ToR-16-17.pdf>



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IFoA Response:

Series of member events across the UK until mid-October

Practice Boards oversee drafting of official response
Senior members engage with TSC after submission

Please submit views to policy@actuaries.org.uk



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Questions (In summary)

1. Competition

- a What are the competitive implications of Solvency II for UK insurance firms? Please answer within the context of the UK, European and global markets.
- b What impact is Solvency II having on the development of global regulation?
- c Could Solvency II create a potential competitive disadvantage for UK insurance firms in relation to firms from outside the insurance industry?
- d What effect has Solvency II had on product innovation and the ability for new entrants to join the market?



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Questions (In summary)

2. Development of Solvency II

- a What are the principal developments or adjustments that you would like to see made to Solvency II in an ideal world?
- b Should the UK seek alternatives to Solvency II for insurance regulation
- c Should the UK Government seek to withdraw from Solvency II?
- d Should the UK seek to amend, or withdraw from any elements of Solvency II?



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Questions (In summary)

3. Implementation of Solvency II

- a What lessons have we learned from the implementation of Solvency II in the UK?
- b How well has the implementation of Solvency II met its stated objectives?
- c How did the implementation of Solvency II in the UK compare with other European member states?
- d Are the transitional provisions effective, practical and flexible enough?



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Questions (In summary)

4. Safety and soundness

- a How effective has Solvency II been in increasing the safety and soundness of the UK insurance industry?
- b What are its principal strengths, both technically, and in its influence on Boards?
- c What are its principal limitations?
- d What are your views on the concept of internal and standard models and does the concept work well in practice?
- e Is the new regime flexible enough to withstand another financial crisis?



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