

Agenda

- Levels 2 and 3
- QIS5
- IMAP
- Discussion

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Role of QIS5 in Solvency II Process

The Solvency II journey

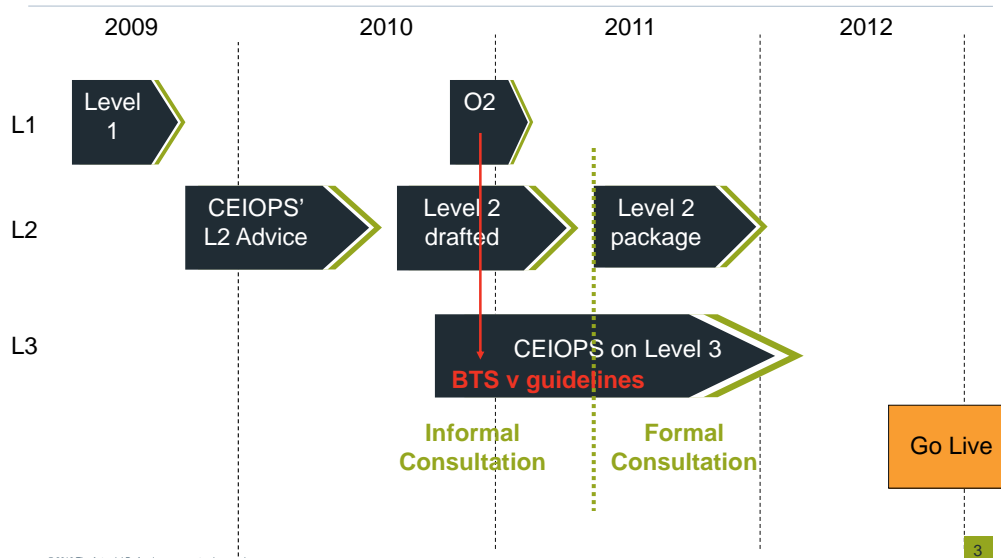


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Solvency II timetable

Where are we?



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Political Process

Who are the players?

EC



Finance
Ministry



HM TREASURY

Industry



CEIOPS



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FSA

Who is working on Solvency II?

Policy

Actuaries
(Life and GI)

Risk
specialists

IMAP

Supervision

Implementation

Project
Management

Legal



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Background to QIS5

What is it?

- European wide field study
- Owned by EC, practicalities from CEIOPS and Member States
- c5,000 firms in Europe
- c500 in UK

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Background to QIS5

Why do it?

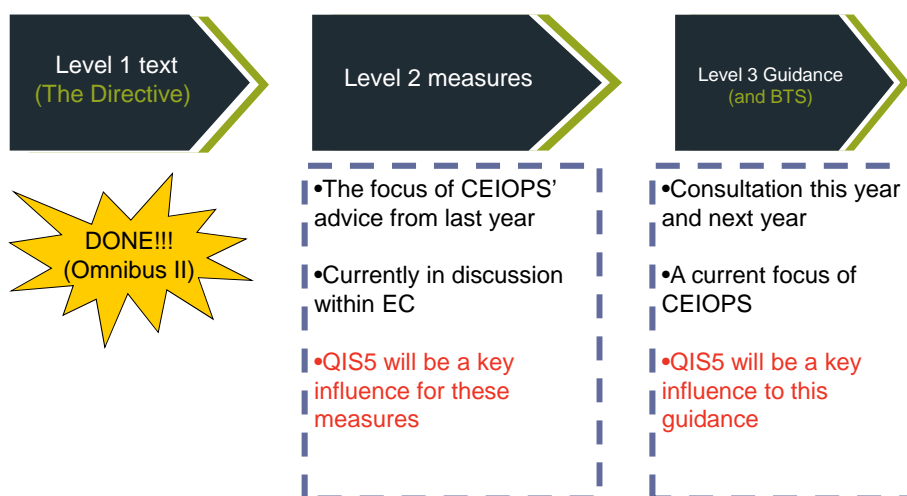
- Quantitative and Qualitative aspects
 - of equal importance
- A key input to Level 2
- Key influence for Level 3
- Excellent tool for preparedness
- The final chance to influence(?)

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Role of QIS5 in Solvency II Process

Where QIS5 influences



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Key issues

- Expected Profits In Future Premiums
- Contract boundaries
- Risk Margin
- ESGs
- Liquidity Premium
- Single Equivalent Scenario
- SCR in the Standard Formula
- Capital issues

Next Steps

What happens now?

- Solo submissions already in
- Final group submissions in next week
- National regulators to review the data
- Country reports to be compiled for CEIOPS – not public
- CEIOPS to compile public report Q1/2 2011
- Lots of interest from analysts anticipated
- Key input on Level 2 and Level 3

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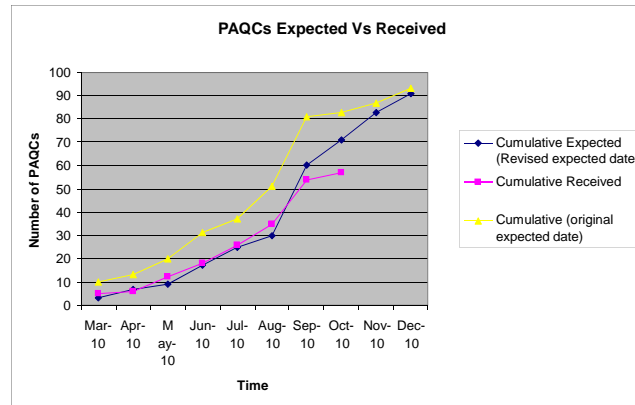
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Internal model approval process (IMAP)

- Firms wishing to use an internal model to calculate all or part of their Solvency Capital Requirement (SCR) must obtain model approval from the FSA
- A key part of this process is a period of early engagement with the FSA referred to as the pre-application process.
- In order to start the pre-application process, firms need to demonstrate that they have made good initial progress towards Solvency II implementation
- In particular, firms need to submit a Pre-application Qualifying Criteria assessment (PAQC) template to the FSA for review

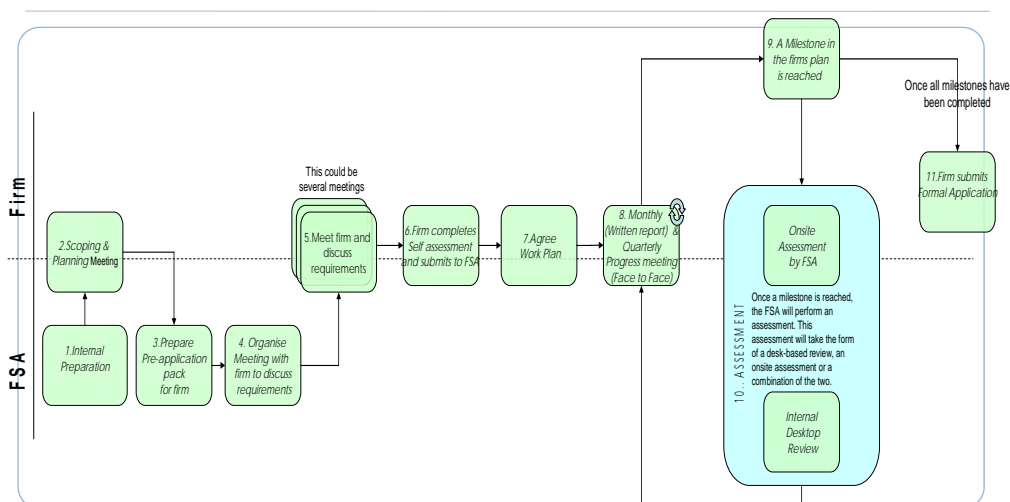
Pre-application Qualifying Criteria Assessment (PAQC) template - progress to date

54 PAQCs received to date - 25 accepted into pre-application



Around 50 new PAQC submissions are still expected

IMAP Pre-application process - overview



• Structure based on former CP80 Pre-application process for internal models

Achieving Consistency

- Challenge to achieve consistency across 100+ firms
- Consistent <> identical
- The role of the IMAP Team
- What happens to my PAQC?

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Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

The views expressed in this presentation are those of the presenter.

