

Final Report on the Functioning of Colleges of Supervisors in 2010 And Targets 2011

Background

1. In March 2010, the CEIOPS Members Meeting (MM) approved the 2010 action plan for Colleges. The action plan was monitored during 2010 for the largest groups (see list in Annex). In November 2010, the CEIOPS MM decided, taking into consideration the transition to, and the upcoming role of EIOPA in Colleges, to monitor the functioning of all Colleges in 2010 on the basis of the three targets in the action plan agreed in March 2010.
2. The three targets were as follows:

Target 1:

- T1. Set up, or confirm (if already set up) the work plan for coordinating the supervisory activities for 2010.

Deadline: June 2010

Target 2:

- T2. Set up an emergency plan for each College of Supervisors.

Deadline: October 2010

Target 3:

- T3. Execute and follow up the work plan mentioned in Target 1 for each College.

Deadline: December 2010

3. Given the focus on the largest groups, and the need to take a progressive approach for all Colleges ready for Solvency II where some provisions of the Helsinki protocol are becoming requirements under the Level 1 or Level 2 texts, this report presents the results, first for the largest groups followed by a picture of where the small and medium Colleges stand.

Participation

4. 84 responses were received, out of 102 cross-border insurance groups which is an improvement, compared to 53 responses received earlier. 27 (100%) of the largest groups provided answers to the survey over the year for the different targets. 57 out of 75 small and medium groups, i.e. 76% responded to the survey.

Results for the largest groups

Target 1

5. 27 groups answered the questionnaire sent on 11 June for completion by 23 June. Of the 27 groups:
 - 23 have set up a work plan (including two where College meetings were planned for 24 and 29 June);
 - three planned to set up a work plan during the 3rd quarter of 2010;
 - one had not set up a work plan – the reason being that the activities outside the country of the group supervisor were limited to 6-7% of the group, and therefore not significant for the two markets concerned; bilateral contacts were foreseen in the preparation for Solvency II.
6. Pre-application of group internal models appeared to be one of the main drivers for increasing cooperation and joint work, including the delegation of tasks within Colleges.
7. It is also worth noting that when third country activities were significant for the group, group supervisors involved them in the work of the Colleges (attendance of Colleges, bilateral contacts, etc).
8. The following good practices had been inter alia mentioned in the answers to the questionnaire: presentation of the QIS5 results by the group during a College meeting, setting up of a Multilateral Memorandum of Understanding that included third country supervisors, joint risk assessment, sharing of findings of group risk report, etc.
9. Of the four groups that did not set up a work plan (Target 1 of the action plan) by end of June 2010, in November 2010:
 - three have since set up a work plan.

26 of the largest groups have therefore set up a work plan by the end of the year.

Target 2

10. IGSC provided elements that could be included in an emergency plan at the end of April 2010 to all group supervisors.
11. 27 groups responded to the questionnaire sent on 28 September for completion by 29 October. Out of the 27 groups:
 - 12 had set up an emergency plan;
 - 13 had a draft emergency plan that would be officially approved by the end of 2010;

- one discussed and prepared a draft emergency plan for the December College of Supervisors meeting;
- one did not set up an emergency plan and do not intend to do so – the reason being that the activities outside the country of the group supervisor were very limited (limited to one other country only and was an insignificant part of the group) and therefore not significant for the market or group concerned. This was agreed with the other supervisor concerned.

As of February 2011, all emergency plans except for the last one had been put in place.

12. IGSC gave further input on the minimum requirements to be included in the emergency plan. Most of the lead supervisors have used these elements to prepare the emergency plans. Most of the emergency plans have been or will be provided to EIOPA. This will form a basis for IGSC to prepare an emergency plan template that should be ready by March 2011.

Target 3

13. 24 out of the 27 largest groups executed their action plan. Out of those 24 groups, seven will finished the execution of the plan by the 1st meeting in 2011.
14. The reasons for those (three) who did not execute their work plan were:
 - two indicated that this would be done by the first meeting 2011;
 - one indicated that the College decided not to have a work plan.

The 26 largest groups that set up a work plan have fulfilled it.

Results for the small and medium groups

15. 57 responses were provided therefore 76% of the small and medium groups responded.

Target 1

16. 18 out of the 57 respondents (32%) had already set up a working plan (Target 1).
17. Almost all of these working plans (90%) included the following topics: meeting schedule, group structure, emergency plan, intra group transactions, risk concentration, group solvency, business strategy and internal control system.
18. Those groups, for which internal model approval, QIS5 activities, coordination with financial conglomerate supervisor and third country supervisor were applicable, included these tasks in their work plan as well.
19. Topics which were only covered by some of the working plans included the resource plan, delegation of tasks and the description of the follow-up procedure.

20. The reasons the 39 groups did not set up a working plan were that this would be done in 2011 (20), that there were no or only minor cross-border activities (13), that a structural change was ongoing which delayed the work (5), and that there was no College set up yet (1).

Target 2

21. 21 out of the 57 respondents (37%) had already set up an emergency plan.
22. All 21 had set up the emergency plan according to the CEIOPS outline.
23. The reasons the 36 groups did not set up an emergency plan were that it would be done in 2011 (19), that there were no or only minor cross-border activities (11), that a structural change is ongoing which delayed the work (5), and no College had been set up yet (1).

Target 3

24. 11 out of the 57 respondents (19%) had already executed their work plan - keeping in mind that 18 had a work plan (Target 1), 61% of those had already executed the work plan.
25. 39 groups did not have a working plan (Target 1) – the 7 groups with a work plan yet to be executed until now would do so by the start of 2011.

Conclusions

26. **The completion of the 2010 action plan for Colleges of Supervisors was a success for the largest groups. All but one (with only non-material cross-border activities in one EEA country) had:**
 - **Set up a work plan and fulfilled it; and**
 - **Set up an emergency plan.**
27. For small and medium groups, one third of the respondents had already fulfilled the 2010 action plan. The monitoring of the CEIOPS 2010 action plan focused on the largest groups. **The 2011 action plan will be completed, as agreed by EIOPA Board of Supervisors, by January 2012 on all Colleges, to ensure that the improvements made by the largest groups are passed on to the small and medium ones.**
28. In doing so, one remaining challenge will be to take into account the proportionality principle for Colleges where **cross-border activities are minor (around 30% of small and medium groups respondents) while ensuring that all Colleges will be ready to comply with the Solvency II requirements when the new regime enters into force.**

Annex 1: List of largest groups: Survey on the fulfilment of target 1, 2 and 3 of the action plan on Colleges for the groups that are not part of the largest ones to be answered by the lead supervisor

Name of insurance group	
Your full name	
Your E-mail address	
Name of supervisory authority you represent	
Member State/Jurisdiction	
<u>TARGET 1</u>	
Have you set up a work plan for coordinating supervisory activities in 2010 within the College?	
If no, why?	
If yes, does the work plan cover the following topics	
Meeting schedule for 2010 and tentative 2011	
Ensure that the group structure and college structure including agreement on lead supervisor are up to date and agreed within the college also the Helsinki list is updated?	
Putting in place an emergency plan	
Participation and planning of QIS 5 activities for the group including the analysis of the results that will also serve an input for the European report on QIS5.	
Supervisory activities on Intra Group Transactions and Risk Concentrations	
Supervisory activities on the Assessment of the Solvency position of the group	
Information on the business strategies of the group	
Preliminary assessment of internal control and risk management	
Participation, planning and decision-making process for the pre-application process for the group internal model	
An estimate of resources dedicated per participating supervisor	
Delegation of tasks within the college for carrying out the work plan.	
A follow up procedure for the performance of the college in the form of a review to the degree of completion of the 2010 activities.	
Coordination with the Conglomerate coordinator and other sector supervisors (also for emergency	

planning).	
Coordination with 3rd country supervisors.	
Additional topics covered in the working plan	
Other comments	
<u>TARGET 2</u>	
Have you set up an emergency plan?	
If no, why?	
If yes, did you use the outline provided by CEIOPS?	
If yes, can you provide a copy (anonimised if necessary)?	
Other comments	
<u>TARGET 3</u>	
Has the 2010 work plan of the College be executed and followed up?	
If no or only partially, why?	
Other comments	

Annex 2: 2011 Targets for Colleges

Target 1:

- T4. Where relevant, exchange and follow-up discussion on QIS5 results based on the QIS5 group summary report provided by CEIOPS in 2010

Deadline: March 2011

Target 2:

- T5. Where relevant, Colleges should agree (or have already agreed) on a joint timetable for carrying out the pre-application for group internal models in line with EIOPA L3 guidelines on pre-application¹

Deadline: June 2011

Target 3:

- T6. Testing the infrastructure of Colleges emergency plan set up in 2010 (e.g. at least ensuring all members of the College can be reached in a reasonable timeframe) including updating the mapping of the group and contact details to ensure the emergency plan is up to date. This should also allow to check that Helsinki lists are up to date.

Alternatively for the groups which don't have yet finalised or set up (i.e. some small or medium size groups) an emergency plan, setting up emergency plan

Deadline: October 2011.

Target 4:

- T7. Start in the College discussions on the setting up a coordination arrangement in line with Article 248.4 of the Solvency II directive

Deadline: January 2012

¹ https://www.ceiops.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP80/CEIOPS-DOC-76-10-Guidance-pre-application-internal-models.pdf