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Mr Jorgen Holmquist
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Internal Market and Services Directorate General
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Report of the Catastrophe Task Force

Dear Jorgen

In its advice for Level 2 implementing measures issued at the end of last year, CEIOPS advised to develop standardised scenarios for the estimation of the capital charge for the standard formula for catastrophe risk under Article 111(1)(c) of the Solvency II Directive.

The proposal included the creation of a joint Task Force between the industry and CEIOPS, the Catastrophe Risk Task Force, which would provide CEIOPS with input and guidance on the calibration and application of non-life and health catastrophe standardised scenarios. This proposal was welcomed and supported by the European Commission and Commission Services agreed that CEIOPS should aim at providing the full set of scenarios before the start of QIS5.

To this end, CEIOPS has submitted the majority of scenarios in its QIS5 draft specifications at the end of March and, following formal and informal additional consultation, is now submitting the full report of the Task Force which contains the background and concrete proposals for testing the scenarios under QIS5.

In addition to providing a calibration of catastrophe risk in accordance with the 99.5% VaR required by the Level 1 text, the report aims for a more risk sensitive and harmonised assessment of natural and man-made catastrophe scenarios. In doing so, the scenarios have been developed taking into account the need to achieve a balance between the risk-sensitiveness and the complexity of the calculations.

CEIOPS underlines the good cooperation it has received from the industry and thanks all industry representatives for their continuous contribution to this very

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challenging task. QIS5 will provide the opportunity to test the proposals made by the Task Force and to see where further improvements can be made before Solvency II will be put into place.

Best regards,

A handwritten signature in blue ink, appearing to read 'Gabriel Bernardino', with a stylized flourish at the end.

Gabriel Bernardino

CEIOPS Chair