

# Impact of the new EU supervisory architecture and Solvency II on data needs

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# Overview

- CEIOPS – who we are and why do we do financial stability analysis
- CEIOPS-FSC Workplan 2010
- CEIOPS datacollection and its challenges
- Introduction of Solvency II and the new financial supervisory architecture

# CEIOPS' role in the development of European regulation



**Regulators  
"level 2"  
committees**

**ESC**  
Securities

**EIOPC**  
Insurance  
Pensions

**EBC**  
Banking

**FCC**  
Financial  
Conglomerates

**Supervisors  
"level 3"  
committees**

**CESR**

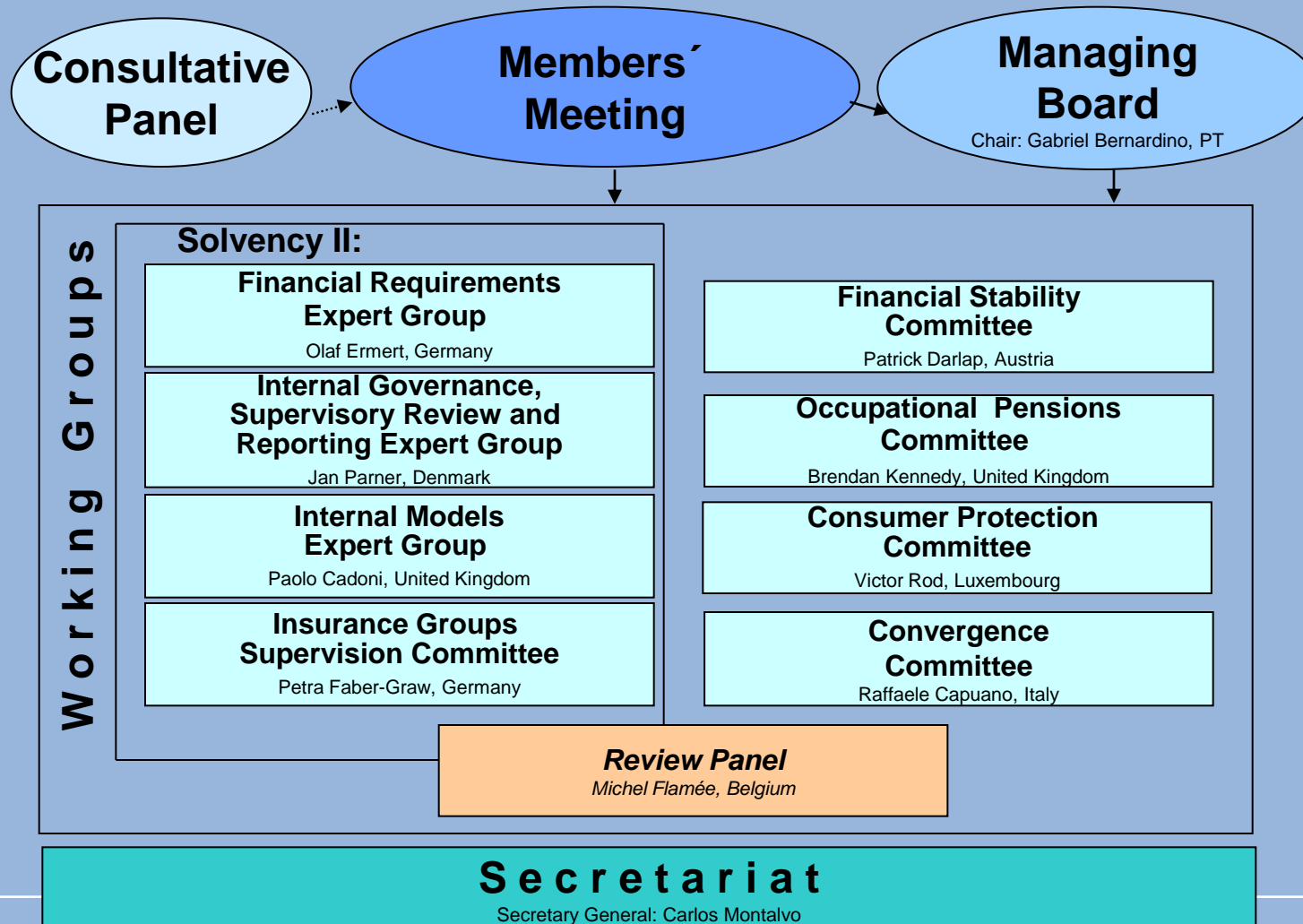
**CEIOPS**

**CEBS**

Cooperation  
through  
3L3  
JCFC

Members led organisations –  
Members are the National Supervisory Authorities

# CEIOPS – who we are



# Financial stability analysis CEIOPS: why

- The Committee shall ... assessments a classification of the main risks and vulnerabilities and indicate to what extent such risks and vulnerabilities pose a threat to financial stability and, where necessary, propose preventative or remedial actions
- Cooperation with the other committees in the field of cross sectoral risks
- twice a year provide to the EC assessments of micro-prudential trends, potential risks and vulnerabilities in the insurance, reinsurance and occupational pensions sector



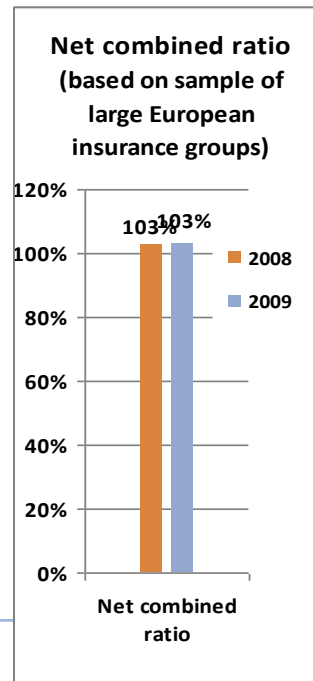
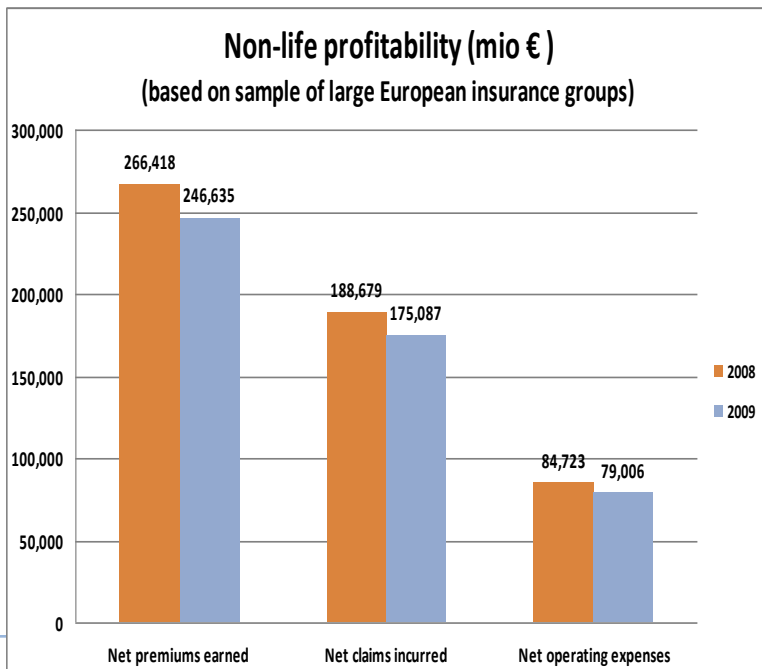
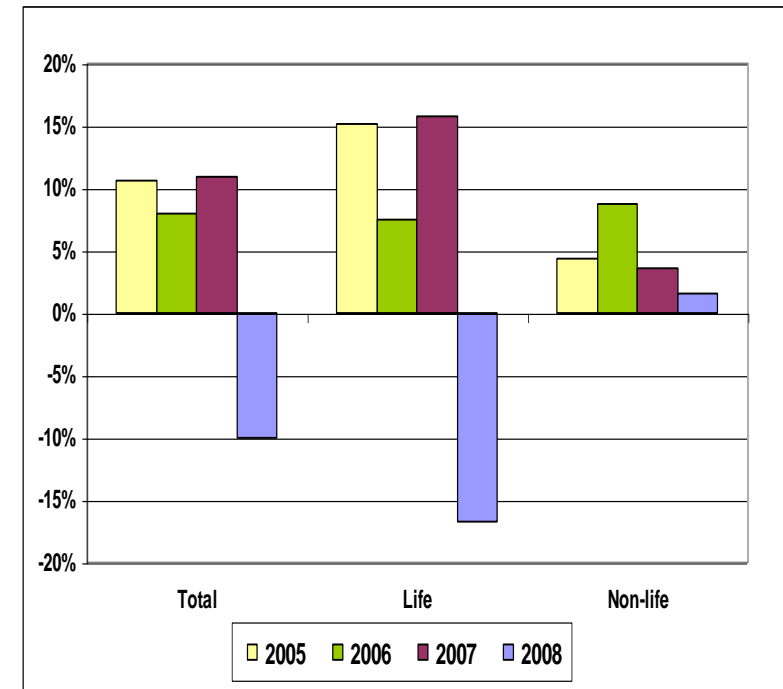
# Workplan 2010

- Statistical database compilation for
  - Pension funds 2008
  - Insurers 2009
- Interim financial stability report for April/Sept EFC FST
- CEIOPS Half-yearly financial stability report
- Lessons learned from the 'national measures'
- Input to 3L3 Task Force on cross-sectoral risks
- Ad-hoc studies/assessments (stress test, ILS report)

# Quantitative data collection CEIOPS Financial Stability Report



*Growth in gross premiums written (percentage change compared to previous year)*



# Challenges

- Timeliness
- Frequency
- Different accounting standards (market/booking value – discount rate)
- Level of Consolidation
- Investments – look through
- Exchange rate
- Resources
- Confidentiality



# Qualitative data collection CEIOPS

## Financial Stability Report

### Classification of most imminent risks for the insurance sector

Most relevant risks - INSURANCE	Reported by X% of supervisors	Average risk score	Development over the last 12 months	Expected development over the next 12 months
			-2 = cons. decrease +2 = cons. increase	-2 = cons. decrease +2 = cons. increase
Interest rate risk	73%	1,9	0,4	-0,2
Lapse risk	77%	1,7	0,5	-0,3
Economic cycle	62%	1,6	0,7	0,1
Premium risk	62%	1,3	0,4	0,2
Equity risk	54%	1,3	-0,2	-0,4
Credit risk	50%	1,1	0,4	0,2
Regulatory & reporting changes	46%	1,1	0,5	1,3
Property risk	42%	1,0	0,5	0,0
Consumer confidence	35%	0,8	0,6	-0,1
Competition	31%	0,7	0,6	0,3
Reserve risk	31%	0,7	0,4	0,6
Tax and pension reforms	27%	0,6	0,6	0,9
Natural catastrophes	27%	0,5	0,6	0,1
Claims inflation	23%	0,5	0,3	0,7

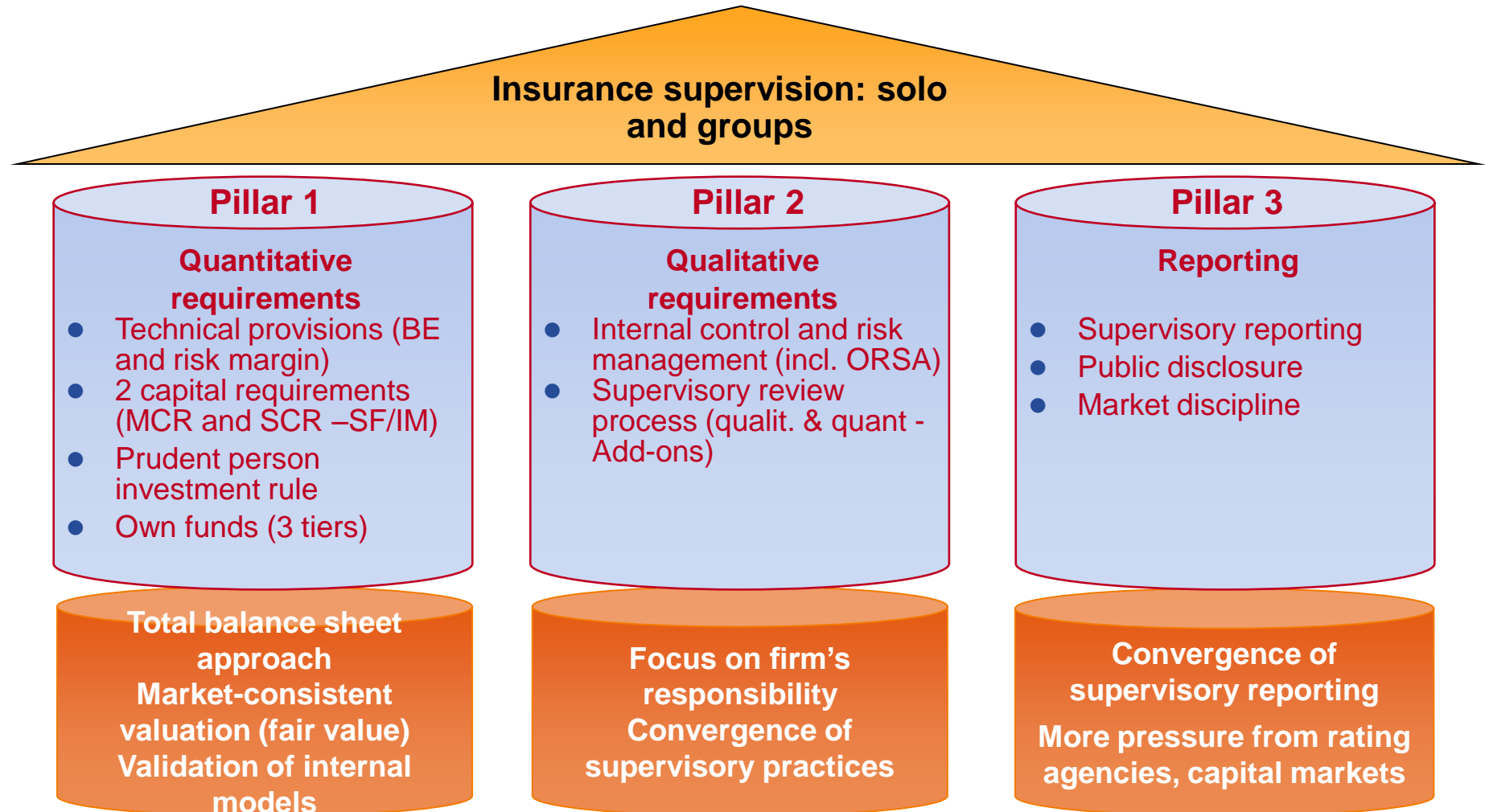
### Expected risks for the insurance sector over the next 12 months

Expected risks - INSURANCE	Expected development over the next 12 months
	-2 = cons. decrease +2 = cons. increase
Regulatory & reporting changes	1,3
Tax and pension reforms	0,9
Claims inflation	0,7
Reserve risk	0,6
Competition	0,3
Credit risk	0,2
Premium risk	0,2
Natural catastrophes	0,1
Economic cycle	0,1
Property risk	0,0
Consumer confidence	-0,1
Interest rate risk	-0,2
Lapse risk	-0,3
Equity risk	-0,4

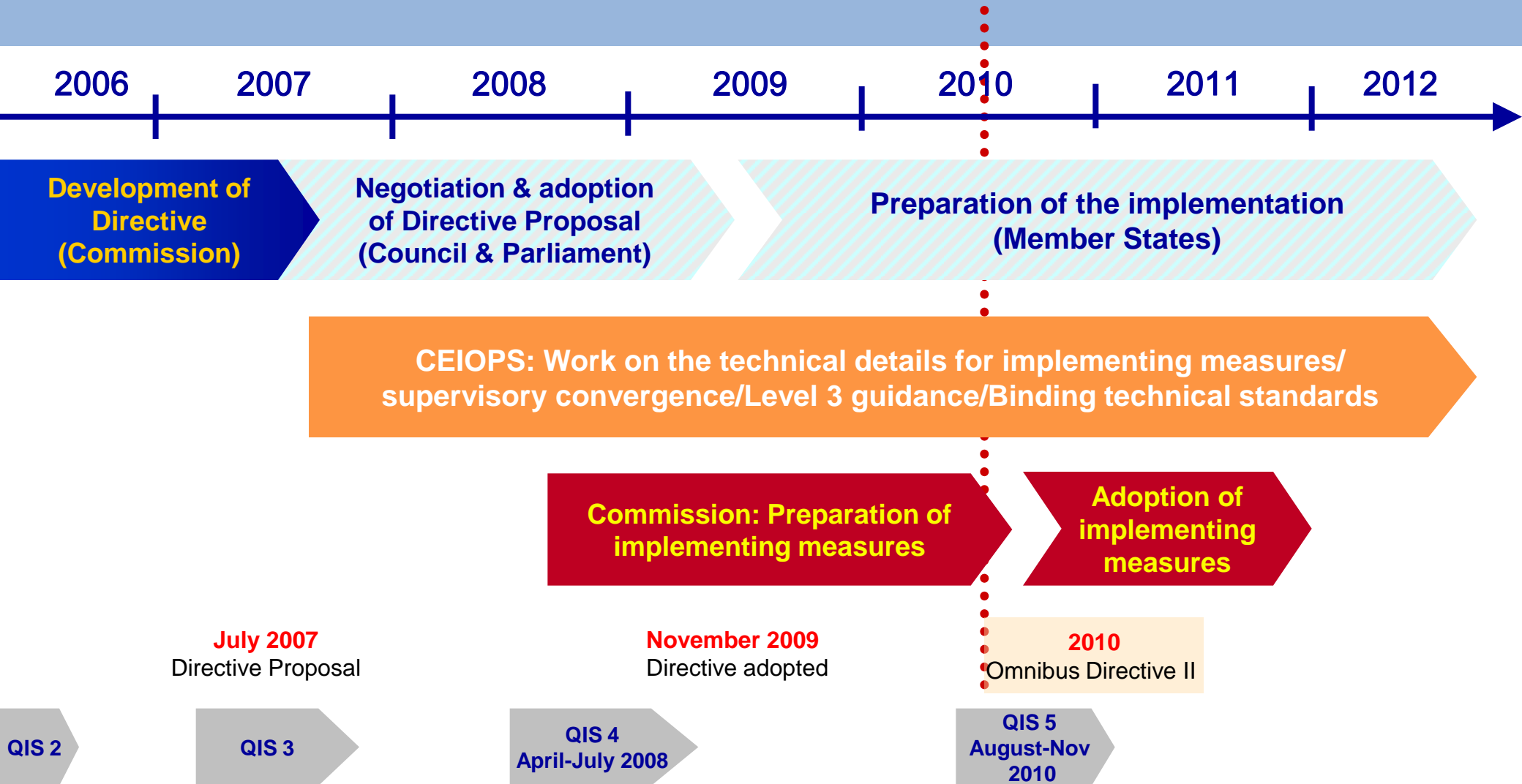
# Challenges

- Standardized set of questions
- Risk – combination of impact and probability
- Aggregation
- Resources

# A new structure for insurance supervision



# Solvency II Road Map for 2007-2013

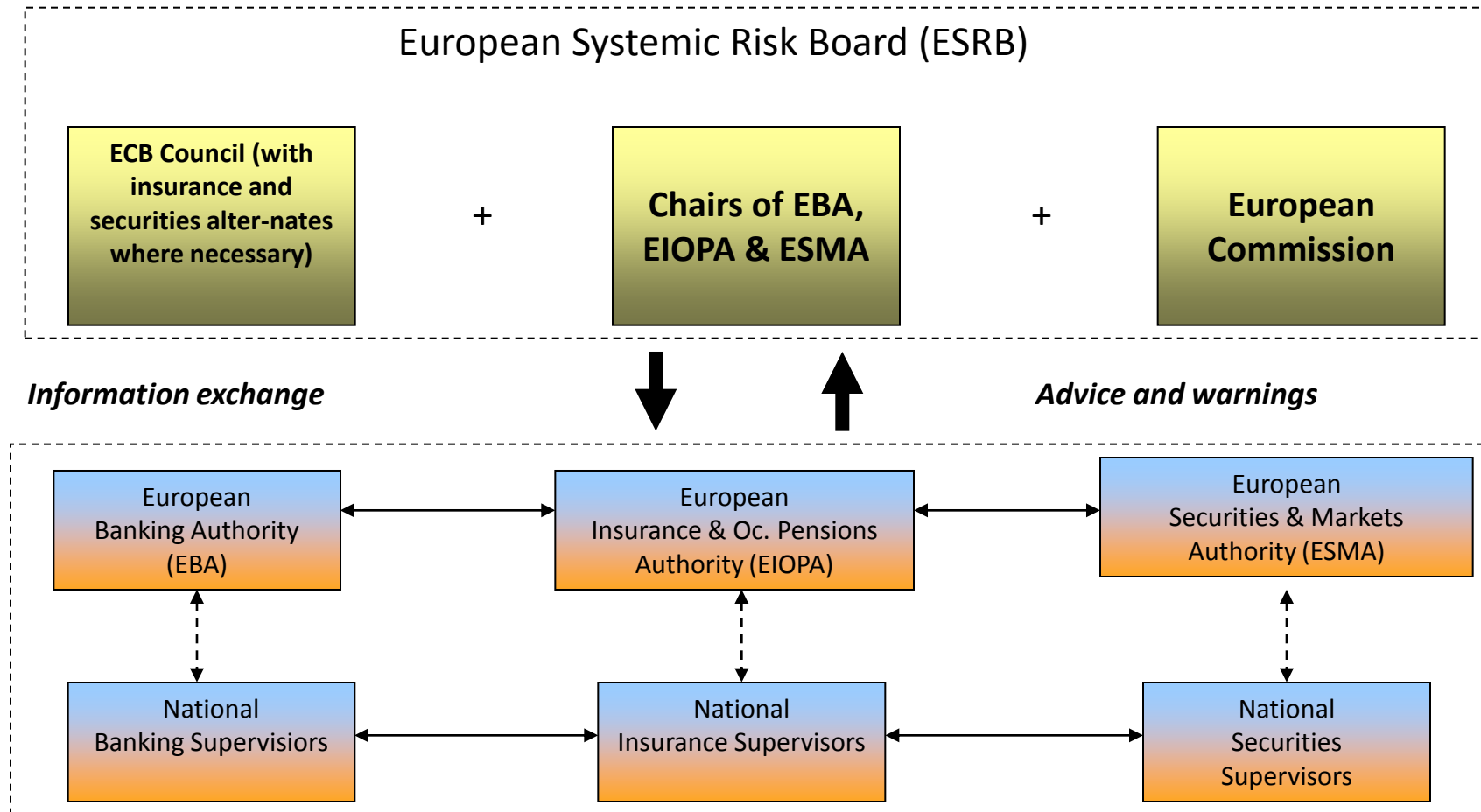


# New Financial Supervisory Architecture

## *Some quotes from newspapers Sept 2010*

- **EU reaches deal on new financial supervision architecture**
- **EU OKs new financial supervision deal**
- **EU finance regulation shake-up welcomed**

# New structure of financial supervision



# Conclusions

- Limited years of experience however good results
- The introduction of SII and the introduction of the new Supervisory Architecture will solve some of the issues
- Condition: The network of national, European supervisors and industry should share the same vision and European mission



**Thank you**