

Milliman Solvency II Compliance Assessment Tool Seminar

24 November 2021

Agenda

Introduction & General Business Update

Content Updates

- Overview of SII changes to date & future changes
- Solvency II 2020 Review
- Updates during 2021
 - QRTs
 - EIOPA Level 3 Guidelines – ICT Security and Governance
 - Recovery Planning

Platform Updates

- ViClarity Update
- Refresher in the tool
- New features in the tool

Q&A

General Business Update

- Working remotely
 - Office had re-opened in line with government guidance on a flexible basis
 - Working from home now again as guidance has been updated
 - Business as usual
 - Service levels not impacted
- S2CAT Helpdesk
 - S2CatHelpdesk@milliman.com
 - Still the best way to contact the team with any queries

Overview of Content Changes

Solvency II Updates

1

Changes to date

2

Future changes

3

Other possible changes

1 Changes to date (a reminder from last year) 1/3

Document amended	Changes entered into force
Commission Delegated Regulation (EU) 2015/35 (“ Delegated Regulations ”)	Apr 2016 Sep 2017 Oct 2017
Implementing Regulation (EU) 2015/2450 (“ Reporting QRTs ”)	Oct 2016
Guidelines on reporting for Financial Stability Purposes (“ Financial Stability QRTs ”)	Jun 2017
Guidelines on the supervision of branches of third country insurance undertakings	Jun 2017
S.I. No. 485 of 2015 - European union (insurance and reinsurance) regulations 2015	Aug 2017
Implementing Regulation (EU) 2015/2450 (“ Reporting QRTs ”), Implementing Regulation (EU) 2015/2452 (“ Public Disclosure QRTs ”) and National Specific Templates (“ NSTs ”)	Dec 2017

1 Changes to date (a reminder from last year) 2/3

Document amended	Changes entered into force
Domestic Actuarial Regime	May 2018 Nov 2018
Solvency II Directive	July 2018
Delegated Regulations Updates	July 2018
Guidelines on reporting for Financial Stability Purposes	July 2018
Guidelines on the supervision of branches of third country insurance undertakings	July 2018
Commission Implementing Regulation (EU) 2018/1843 (“Public Disclosure QRTs”)	Q4 2018
Commission Implementing Regulation (EU) 2018/1844 (“Reporting QRTs”)	Q4 2018
National Specific Templates (“NSTs”)	Q4 2018

1 Changes to date (a reminder from last year) 3/3

Document amended	Changes entered into force
Amendments to the Delegated Regulations – “2018 Interim Review”	Jul 2019 Jan 2020
Commission Implementing Regulation (EU) 2019/2102 (“ Public Disclosure QRTs ”)	Q4 2019
Commission Implementing Regulation (EU) 2019/2103 (“ Reporting QRTs ”)	Q4 2019
National Specific Templates (“ NSTs ”)	Q4 2019
EIOPA Taxonomy Update (“ QRTs ”)	Q4 2020

1 Changes to date (new in June 2021 update)

Document amended	Changes entered into force
S.I. No. 184 of 2021 – Recovery Plan Requirements for Insurers CBI Recovery Plan Guidelines for (Re)Insurers	June 2021
Guidelines on information and communication technology (ICT) security and governance ("EIOPA-BoS-20/600")	June 2021
NST.13 – Update for Brexit	June 2021

More detail on these later...

2 Future Changes (confirmed)

Document amended	Changes entered into force
EIOPA Taxonomy Update (“QRTs”)	Nov 2021
Sustainability risk in Governance Commission Delegated Regulation (EU) 2021/1256 of 21 April 2021 amending Delegated Regulation (EU) 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings (Text with EEA relevance) C/2021/2628	Aug 2022
Changes to threshold values in the Directive Notice regarding the adaptation in line with inflation of the amounts laid down in the Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) 2021/C 423/12 - PUB/2021/789	Oct 2022

Sustainability Risk

- The changed tie in with wider EU objective surrounding climate change and sustainability.
- The insurance industry has a role to play in this respect – from encouraging green investment and covering climate related risks. These proposed changes to the Delegated Regulations explicitly list sustainability as one of the things that must be considered by the Company from a governance perspective.
- The rules apply from 2 August 2022 and it includes the following changes:
 - **Definition** of sustainability risk and sustainability factors
 - Cover sustainability risk in the following **policies**
 - underwriting & reserving policy,
 - the investment policy
 - the remuneration policy
 - any other relevant policies.
 - Identifying sustainability risks is specifically added as a **task the Risk Function** must undertake, and to be considered in the **ORSA** too
 - To be covered as part of the **Actuarial Function’s opinion on underwriting**
 - Sustainability risk to be considered as part of the **prudent person principle for investments**

Inflation of fixed amounts set in SII texts

- Impacts – changes to the fixed figures for:
 - conditions for exclusion from scope due to size
 - definition of large risks
 - absolute floor for the calculation of the Minimum Capital Requirement
- The absolute floor for the MCR have changed as follows:

Entity Type	Current MCR level	New MCR level effective YE 2022
Non-Life	€2.5m	€2.7m
Non-Life (certain LOBs)	€3.7m	€4.0m
Life	€3.7m	€4.0m
Reinsurance	€3.6m	€3.9m
Captive Reinsurance	€1.2m	€1.3m

- To be implemented by member states by 19 October 2022 – so will probably be in force for YE 2022

3 Other possible changes (1/2)

Document amended

Draft implementing technical standards amending Implementing Regulation (EU) 2016/1800 on the allocation of **credit assessments of external credit assessment institutions** to an objective **scale of credit quality steps** in accordance with Directive 2009/138/EC

EIOPA BoS 21/197 - Consultation on **IBOR transition**

CP138 - Consultation on **Cross-Industry Guidance on Outsourcing**
(Published March 2021 – Closed end July 2021)

Directive changes/clean ups related to **ICT measures**

Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 (Text with EEA relevance) (COM(2020) 596 final / 2020/0268 (COD)) (updated 6 July 2021)

CP 140 - Consultation on **Cross Industry Guidance on Operational Resilience**

Supervisory statement on supervisory practices and expectations in case of breach of the solvency capital requirement
EIOPA-BoS-21/281

Consultation on the revision of the **Guidelines on Contract Boundaries** EIOPA-BoS-21/301

Consultation on the revision of the **Guidelines on Valuation of Technical Provisions** EIOPA-BoS-21/302

3 Other possible changes (2/2)

Document amended

Supervisory statement on the ORSA in the context of COVID-19 EIOPA-BoS-21/323

Consultation on the amendments of **supervisory reporting and public disclosure documents**
EIOPA-BoS-21/002

Consultation on Supervisory Statement on **supervision of run-off undertakings**
EIOPA-BoS-21/318

CP144 - Guidance on the **Use of Service Companies** for Staffing Purposes in the Insurance Sector

Public Consultation on the Development of a **National Resolution Framework for (re)Insurers**

Draft the Insurance (Miscellaneous Provisions) Bill 2021

CBI Covid-19 FAQ – position on **dividends**

Solvency II 2020 review proposals from the European Commission

Credit Quality Steps

- Draft implementing technical standards amending Implementing Regulation (EU) 2016/1800 on the allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps in accordance with Directive 2009/138/EC
- Consultation phase only
- Proposed new mapping of ratings given by credit agencies to the “credit quality steps” used within the Solvency II calculations.
- No changes for main rating agency mappings where shown in both old & new
 - S&P
 - Fitch
 - A.M. Best (although less detail given in updated version)

CONSULTATION PAPER: REVISED DRAFT ITS ON THE MAPPING OF ECAIS' CREDIT ASSESSMENTS



JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

ANNEX

Allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps

Credit quality step	0	1	2	3	4	5	6
<i>ACRA Europe a.s (formerly European Rating Agency a.s.)</i>							
Global long-term rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Global short-term rating scale		S1		S2	S3, S4, NS		
<i>A.M. Best (EU) Rating Services B.V.</i>							
Long-term issuer credit ratings scale	aaa	aa, aa-	a+, a, a-	bbb+, bbb, bbb-	bb+, bb, bb-	b+, b, b-	ccc+, ccc, ccc-, cc, c, d, e, f, s
Long-term issue ratings scale	aaa	aa, aa-	a+, a, a-	bbb+, bbb, bbb-	bb+, bb, bb-	b+, b, b-	ccc+, ccc, ccc-, cc, c, d, s
Financial strength ratings scale		A++, A+	A, A-	B++, B+	B, B-	C++, C+	C, C-, D, E, F, S
Short-term issuer ratings scale		AMB-1+	AMB-1-	AMB-2, AMB-3	AMB-4, d, e, f, s		
Short-term issue ratings scale		AMB-1+	AMB-1-	AMB-2, AMB-3	AMB-4, d, s		
<i>ARC Ratings S.A.</i>							
Medium and long-term issuers rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Medium and long-term issues rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D

Consultations on Level 3 Guidance

- Items from the Solvency II 2020 review that could be addressed through Level 3 Guidelines now.
- Contract Boundaries
 - Updated guidelines being proposed as diverging practices were found or more clarity was needed in some areas
 - Whether a cover or financial guarantee has a discernible effect on the economics of the contract
 - Identification of the contracts which can be unbundled
- Valuation of Technical Provisions
 - Where contracts with material options and guarantees exist, undertakings are expected to use a valuation method that captures the time value of these contracts
 - Guidelines addressing expert judgement are proposed (based on the existing Guidelines already in place on the use of internal models)
 - Expense allocation
 - Future Management actions



Solvency II 2020 review – European Commission Update

Aisling Barrett

TIMELINE

2019

February

EIOPA receives a call for advice on the 2020 review from the European Commission

Mid-July to mid-October

Public consultation on draft advice on reporting & disclosure and on insurance guarantee schemes

Mid-October to January 2020

Public consultation on draft advice (on all advice other than on reporting & disclosure and insurance guarantee schemes)

2020

March to June

Information request to undertakings for holistic impact assessment

July to September 2020

Complementary information request to take into account impact of Covid-19 pandemic

December

Final advice submitted to EC and published

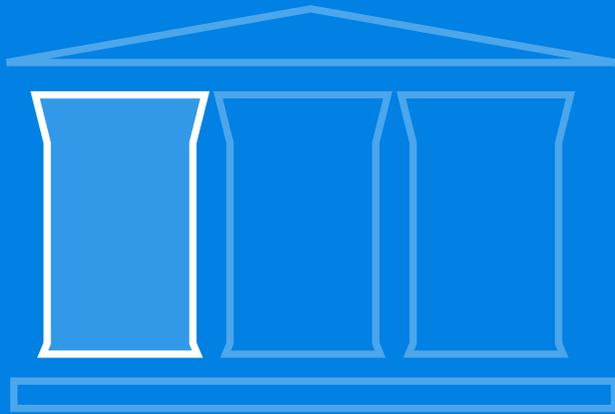
Q3 2021

European Commission proposal on the review

Source: https://www.eiopa.europa.eu/sites/default/files/solvency_ii/solvency2-factsheet.pdf

Building blocks and hierarchy

Level	Description	Purpose	Responsibility of
1	Directive	Sets out overall framework	Council and Parliament
2	Delegated Regulation	Provides greater level of detail on specifics	Commission with advice from EIOPA
2.5	Technical Standards	Conditions of application of Delegated Acts	Commission Drafted by EIOPA
3	Guidelines	EU-wide regulatory guidelines to ensure consistency	EIOPA
4	Enforcement	Enforcement of legislation by the Commission	Commission



Pillar 1

Measurement of Assets, Liabilities and Capital

Extrapolation

European Commission proposals

“The Commission will consider building on the formula and parametrisation proposed by EIOPA”

Common Theme!

- Phasing in of the method until the end of 2031 / 2032
- Disclose impact of extrapolation method without phasing

Volatility Adjustment

EIOPA Proposal



- Supervisory approval
- 65% increased to 85%
- VA split into permanent VA and macro-economic VA (by country)
- Permanent VA:
 - Application ratio to measure duration and volume mismatch
 - Another application ratio to take into account the illiquidity of the liabilities
- Macro VA: Smooth activation of country component

European Commission (Directive)



- Supervisory approval
- 65% increased to 85%
- Undertaking specific credit spread sensitivity ratio = safeguard to prevent “overshooting”
(Detail to be considered in Delegated Regulation)
- Country component of the volatility adjustment is replaced with a macro volatility adjustment for Member States whose currency is the euro

Matching Adjustment

EIOPA Proposal



- Removal of the limitation to **diversification benefits** in the standard formula SCR between matching adjustment portfolios and other portfolios.
- EIOPA is proposing additional requirements in relation to the **eligibility** of restructured assets in matching adjustment portfolios (introducing a look through approach).

European Commission (Directive)



- Considering possible amendments to the Delegated Regulation in line with EIOPA's advice as regards the rules on **diversification benefits** and **asset eligibility (criteria to be set in Delegated Regulation)**
- Safeguards could be introduced to avoid excessive relief from the MA where the corresponding portfolio contains restructured assets that depend on the performance of underlying assets.

Risk margin

EIOPA Proposal



- A reduction to the risk margin calculated by applying a “**lambda factor**” to the SCR projection.
- The factor starts at 97.5% at year 1 and reduces to 50% by year 28.

European Commission (Delegated Regulation)



- The Commission will consider building on the **lambda approach** proposed by EIOPA, but without a floor parameter, to allow for more effective mitigation of volatility than under EIOPA’s proposal.
- It will also consider reducing the **cost-of-capital rate** used in the risk margin calculation from 6% to 5%.

SCR interest rate risk

European Commission proposals

- The Commission will consider:
 - Reflecting EIOPA's advice (with the exception of an allowance for extrapolation for long-term interest rates – see below)
 - Phasing in the changes over a period of five years after the adoption of the amendments
- For maturities up to the starting point of the baseline extrapolation, stressed risk-free interest rates will be derived as proposed by EIOPA
- Remaining rates extrapolated in the same manner as the risk-free rates of the baseline, however, towards a **stressed ultimate forward rate** 15 basis points lower or higher

Other SCR

Proposals

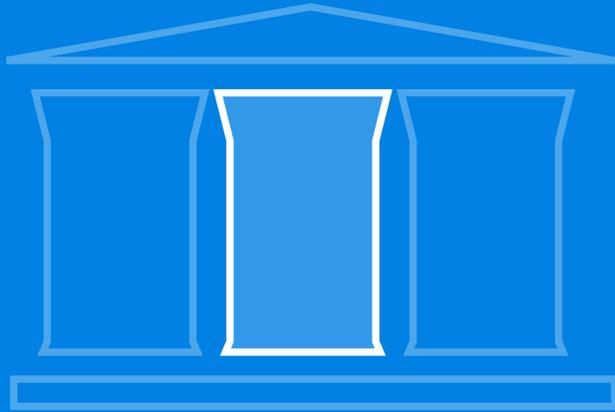
- Correlation parameter between falling interest rates and spread risk reduced from 0.5 to 0.25  (to be considered in Delegated Regulation)
- Widening the symmetric adjustment corridor for the equity risk capital charge from +/- 10% to +/- 17% 
- Revising eligibility criteria for long-term equity asset class (expanding the scope of equities subject to 22% risk factor instead of 39% for listed equities and 49% for unlisted equities) 

Proportionality

Proposals

- Increase thresholds for exclusion
- Introduce low risk profile undertakings subject to criteria
- Proportionality measures introduced for low risk profile undertakings and others subject to approval including:
 - Prudent **deterministic** valuation allowed instead of stochastic for asymmetric options & guarantees if certain criteria are met
 - Simplified calculation of immaterial **SCR modules** and submodules if < 5% BSCR for 3 years
 - Combinations of key functions permitted
 - Regular ORSA every two years
 - Written policies reviewed every 3 years
 - Supervisory reporting exemptions





Pillar 2

Supervisory Review Process

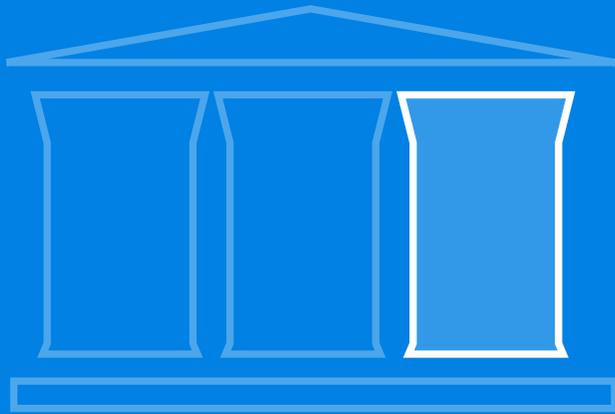
Pillar 2 – EIOPA proposals

Macroprudential policy

- Supervisor power to restricting or suspending **dividend** payments. ✓
- Supervisor power to set **capital surcharge** to address entity-, activity- or behaviour-based sources of systemic risk. ✗
- Macroprudential considerations and potential sources of systemic risk in the **ORSA**. ✓
- **Prudent person principle** expanded to take into account macroprudential concerns (such as risk related to the credit cycle and economic downturn) ✓

SRMP & LRMP

- Systemic risk management plans (**SMRPs**) ✗
- EIOPA to issue guidelines on the operational details of a potential **liquidity risk framework**. ?
- All undertakings required to draft liquidity risk management plans (**LRMPs**) for identifying and addressing potential liquidity stresses. ✓
- Supervisor power to temporarily **freeze redemption rights** of policyholders of undertakings affected by a significant liquidity risk as a last resort measure in exceptional circumstances. EIOPA to issue guidelines to further specify “exceptional circumstances”. ✓



Pillar 3

Market Discipline

Reporting & Disclosure

- **External audit** of the SFCR covering the Solvency II balance sheet at a minimum, with the option for each member state's supervisor to also include the SCR and eligible own funds (**excluding low risk profile undertakings**) ✓
- Increase **deadline** for solo SFCR and RSR from 14 weeks to 18 weeks (to allow for new audit requirement). Increase deadline for group SFCR from 20 weeks to 24 weeks. ✓
- **Structure** split into 2 parts: one part addressed to policyholders (not required for reinsurers or captives) and the other part addressed to professional users ✓
- Undertakings in scope for financial stability QRTs are required to include **sensitivities** in the SFCR ?
- **EIOPA consultation paper** on reporting & disclosure – new taxonomy for YE 2022 reporting

Other

Other

European Commission proposals

- Recovery & Resolution ✓
- Insurance guarantee schemes ✗
- Supervision of cross-border business - exchange of info between supervisors and enhanced EIOPA role where supervisors fail to reach a common view
 - Home supervisor sends SCR, MCR and eligible Own Funds to host supervisor (annual GWP > 5% company's total)
- Scope of group supervision amended
- Revised “Minimum Consolidated Group Solvency Capital Requirement” to apply 45% max (as for solo undertakings)

EIOPA consultation papers

Closing 12 November

▪ Valuation of Technical Provisions

- **Assumption setting** – materiality, governance, communication & uncertainty, documentation, validation
- **Investment management expenses** – take into account admin & trading expenses for investments related to and at least equal to TPs + SCR
- Project **expenses** based on long term business strategy
- Options & guarantees, ESGs, Future management actions, EPIFP

▪ Contract Boundaries

- “further detailed guidance on the already existing requirements”
- “focus on the **unbundling** of an insurance and reinsurance contract and the assessment whether a financial guarantee or a cover has a discernible effect on the economics of the contract”



Changes made in 2021

Gavin Maher

Changes made in 2021

1

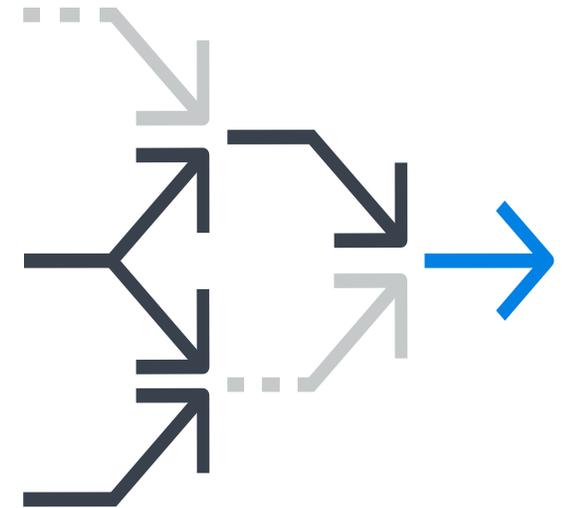
EIOPA QRTs

2

EIOPA Level 3 Guidelines - ICT

3

Recovery Planning



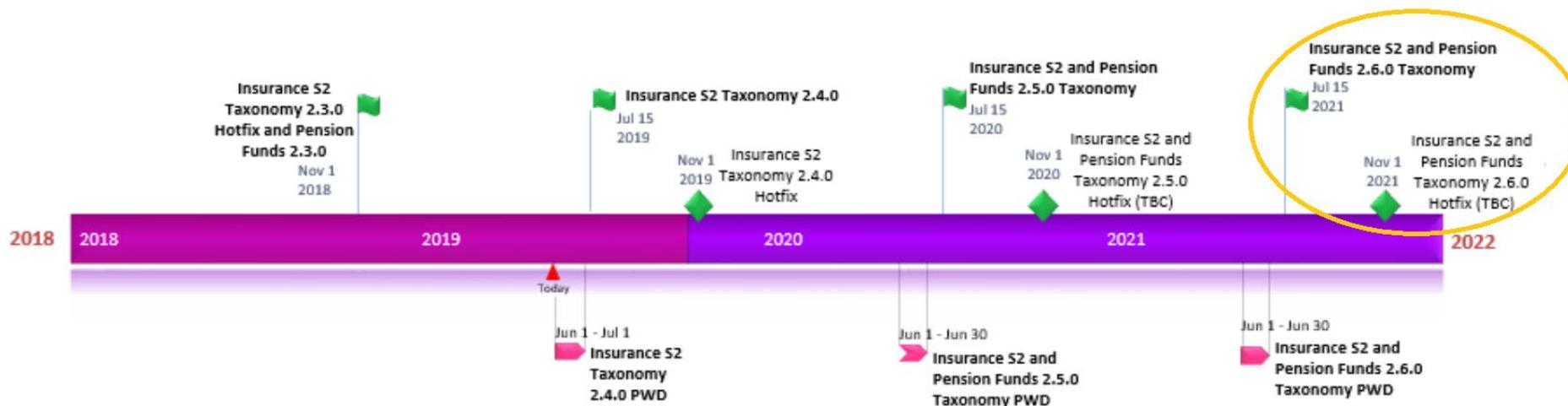
EIOPA Quantitative Reporting Templates

2021 Updates

General schedule of taxonomy releases

EIOPA's planned updates to QRTs

- EIOPA have stated that they expect one taxonomy release per year but that there may be more than one in extraordinary circumstances (EIOPA [website](#))
- This update is part of Taxonomy **2.6.0**
- The schedule is not updated beyond 2021 but we would expect a similar update in 2022.
- The EIOPA website states:
 - *“As a general rule **one taxonomy release per year** has been published and EIOPA aims to continue this approach to minimise the number of taxonomy publications. It is expected that in most of the years only one release will occur.”*



QRTs - Taxonomy 2.6.0

EIOPA's detail

“This EIOPA Solvency II DPM and XBRL taxonomy package release 2.6.0 is provided to be used from the **31/12/2021** reference date until a new version is announced in line with the Governance of Taxonomy Releases.”

Source: EIOPA [website](#)

- “Release notes for the 2.6.0 Hotfix release of the EIOPA Solvency II DPM and XBRL taxonomy”

QRTs - Taxonomy 2.6.0 Changes

Update the list of countries to reflect the post-Brexit situation and official amendments in the ISO-3166 list

URL to webpage where SFCR is disclosed

Update ordinate code

Update ordinate label

Addition of non-reportable technical template containing the list of CIC codes

SFCR Webpage location

S.01.02 - Basic Information - General

		C0010
Undertaking name	R0010	
Undertaking identification code and type of code	R0020	
Type of undertaking	R0040	
Country of authorisation	R0050	
Language of reporting	R0070	
Reporting submission date	R0080	
Financial year end	R0081	
Reporting reference date	R0090	
Regular/Ad-hoc submission	R0100	
Currency used for reporting	R0110	
Accounting standards	R0120	
Method of Calculation of the SCR	R0130	
Use of undertaking specific parameters	R0140	
Ring-fenced funds	R0150	
Matching adjustment	R0170	
Volatility adjustment	R0180	
Transitional measure on the risk-free interest rate	R0190	
Transitional measure on technical provisions	R0200	
Initial submission or re-submission	R0210	
Exemption of reporting ECAI information	R0250	
URL to the webpage where the Solvency and Financial Condition Report (SFCR) is disclosed	R0255	
Direct URL to download the Solvency and Financial Condition Report (SFCR) corresponding to this financial year reporting obligation (R0090)	R0260	
Ad hoc XBRL technical field 1	R0990	
Ad hoc XBRL technical field 2	R0991	
Ad hoc XBRL technical field 3	R0992	

SFCR Webpage location

S.01.02 - Basic Information - General

- Subtle difference – you must still provide an exact link to the pdf of your SFCR as per the existing QRTs – this new field is asking for a link to the webpage where the SFCR is hosted or shown (i.e. landing page)

Completion is voluntary at this stage

The page should open SFCR without requiring human intervention

Should direct to the exact webpage where the file is uploaded – not a generic homepage

URL to download SFCR pdf is still required

Update ordinate code

S.23.04 – Own Fund Items

S.23.04.01.09
Z Axis:
VG/Solvency II

RFF/matching adjustment portfolios deduction

		Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds C0710
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0010	



S.23.04.01.09
Z Axis:
VG/Solvency II

RFF/matching adjustment portfolios deduction

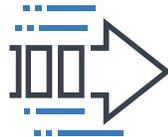
		Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds C0970
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0010	

Update ordinate label

S.26.06 – SCR Operational Risk

S.26.06.01.01	
Z Axis: AO/All members	
Article 112	
Operational risk - basic information	
Operational risk - Information on technical provisions	
Life gross technical provisions (excluding risk margin)	R0100
Life gross technical provisions unit-linked (excluding risk margin)	R0110
Non-life gross technical provisions (excluding risk margin)	R0120
Capital requirement for operational risk based on technical provisions	R0130
Operational risk - Information on earned premiums	
Earned life gross premiums (previous 12 months)	R0200
Earned life gross premiums unit-linked (previous 12 months)	R0210
Earned non-life gross premiums (previous 12 months)	R0220
Earned life gross premiums (12 months prior to the previous 12 months)	R0230

S.26.06.01.01	
Z Axis: AO/All members	
Article 112	
Operational risk - basic information	
Operational risk - Information on technical provisions	
Life gross technical provisions (excluding risk margin) (other than unit-linked or index-linked)	R0100
Life gross technical provisions unit-linked (excluding risk margin)	R0110
Non-life gross technical provisions (excluding risk margin)	R0120
Capital requirement for operational risk based on technical provisions	R0130
Operational risk - Information on earned premiums	
Earned life gross premiums (previous 12 months) (other than unit-linked or index-linked)	R0200
Earned life gross premiums unit-linked (previous 12 months)	R0210
Earned non-life gross premiums (previous 12 months)	R0220
Earned life gross premiums (12 months prior to the previous 12 months) (other than unit-linked or index-linked)	R0230



Complementary Identification Code (CIC)

Non-reportable technical template containing the list of CIC codes

- New template outlining asset categories to clarify CIC reporting.
- This is “non-reportable”, so is simply information EIOPA are including in the published QRT templates as a useful references for users rather than something you need to send to EIOPA.
- An example extract from the template is shown below.

		1	2	3	4
Third position	Category	Government bonds	Corporate bonds	Equity	Investment funds Collective Investment Undertakings

Where to find the QRT changes in S2CAT

The screenshot shows the Milliman S2CAT interface. At the top, there is a navigation bar with the Milliman logo, 'Add Documentation', 'Homepage', 'Diverts', 'Dashboard', 'Report Generator', and 'Calendar'. On the right, it shows 'Settings | Logout' and the user 'gavin.maher @ Milliman Irish Demo'. Below the navigation bar, there are links for 'New Audit', 'Folders', and 'Help', and a 'My to-do list' button.

The main content area is divided into two sections. On the left, under 'My homepage', there is a search bar and a list of folders: 'millimanirishdemo@viclarity.com (0)', 'P1 (7)', 'P2 (3)', 'P3 (4)', 'Milliman Master European (0)', 'millimanmasterirish@viclarity.com (0)', and 'Milliman Outsourcing (3)'. The 'P3 (4)' folder is circled in orange.

On the right, there is a list of audit items. The first item is 'Irish Demo - P3 - SFCR & RSR' with email 'millimanirishdemo@viclarity.com'. The second item is 'Irish Demo - P3 - QRT Quarterly Solo' with email 'millimanirishdemo@viclarity.com', circled in orange. The third item is 'Irish Demo - P3 - QRT Annual Solo' with email 'millimanirishdemo@viclarity.com', also circled in orange. The fourth item is 'Irish Demo - P3 - QRT Day 1 Reporting Templates' with email 'millimanirishdemo@viclarity.com'. Each item has a set of icons (a globe, a traffic light, a flag, and a gear) to its right.



▼ Relevant Files: P3 - QRT Quarterly Solo » P3 - QRT Quarterly Solo - Q1.2

Log File: S.01.02 (updated Q4 2017)

Reporting Template: S.01.02.01 (updated Q4 2020)

1. QRT – QUARTERLY SOLO REPORTING TEMPLATES

1.2. QRT S.01.02.01 Basic Information - General: To what extent has the Company prepared drafts of the relevant QRTs?

Central Bank of Ireland

Updates

Central Bank of Ireland

National Specific Templates

- No updates flagged on the Central Bank of Ireland website for NST reporting as at 31 December 2021 **yet**. (Source: [website](#))
- There was one minor wording change in 2021 to documentation for **NST.13** (Aggregate Security Holdings).
 - The change removed United Kingdom from the list of European Economic Area countries.
- A reminder that Excel templates and supporting documentation are included in S2CAT, in the QRTs module.

▼ Relevant Files: P3 - QRT Quarterly Solo » P3 - QRT Quarterly Solo - Q4.2

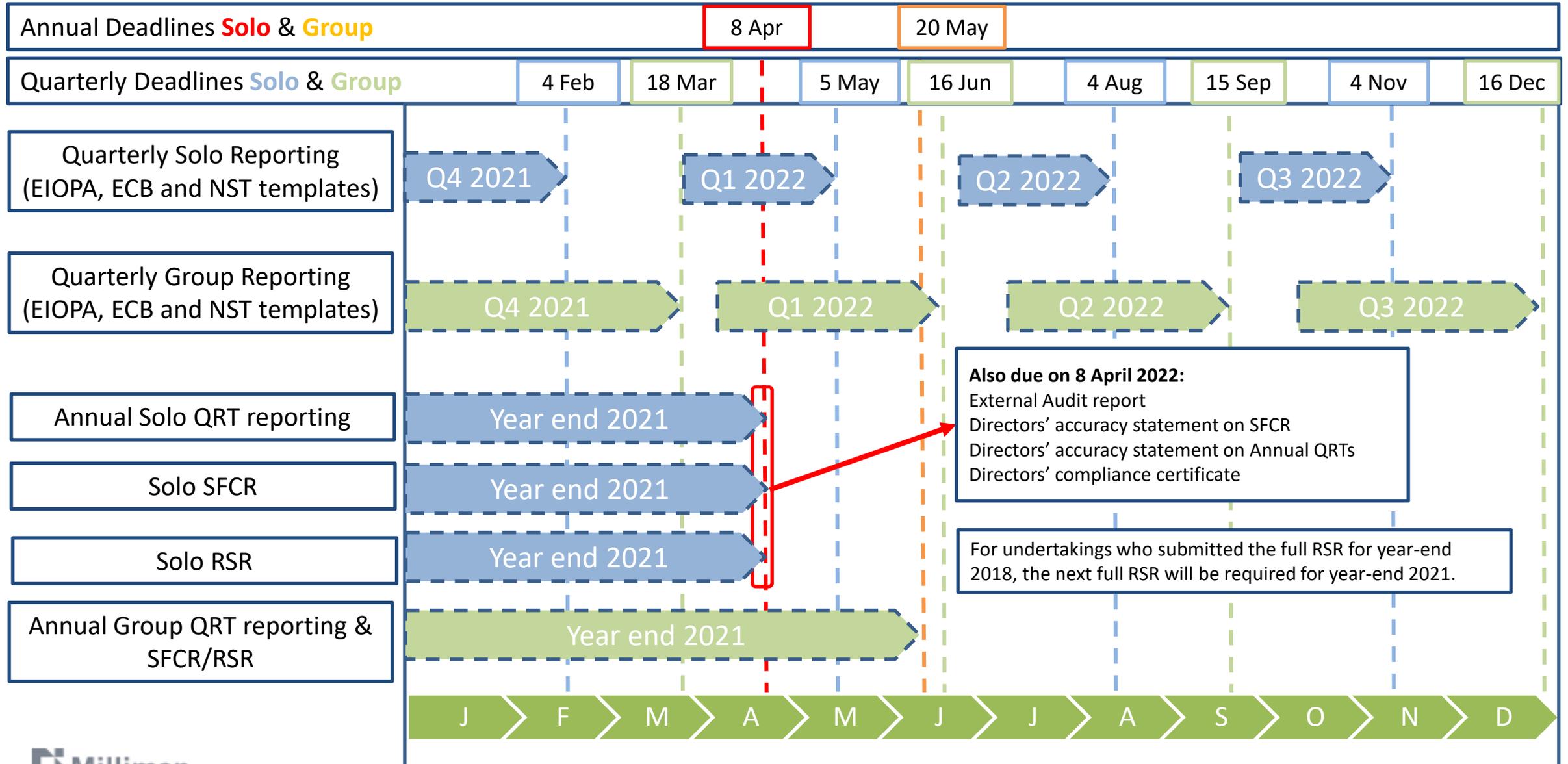
Log File: NST.13 Notes on Compilation (updated Q1 2021)

Reporting Template: NST.13.01.03 (updated Q4 2018)

4. NATIONAL SPECIFIC TEMPLATES: ALL

4.2. NST.13 Quarterly Aggregate Reporting of Security Holdings: To what extent has the Company prepared drafts of this template?

CBI Reporting Deadlines 2022



New EIOPA Level 3 Guidelines

Guidelines on information and communication
technology security and governance

New EIOPA Level 3 Guidelines

Guidelines on information and communication technology security and governance

“EIOPA identified the need to develop **specific guidance** on information and communication technology (ICT) security and governance in relation to Articles 41 and 44 of **Directive 2009/138/EC**

Source: EIOPA [website](#)

These Guidelines
have applied since
1 July 2021

**S2CAT was updated
in June 2021 in
advance of this
change**

25 New Guidelines

Proportionality	ICT within the system of governance	ICT strategy	ICT and security risks within the risk management system	Audit
Information security policy and measures	Information security function	Logical security	Physical security	ICT operations security
Security monitoring	Information security reviews, assessment and testing	Information security training and awareness	ICT operations management	ICT incident and problem management
ICT project management	ICT systems acquisition and development	ICT change management	Business continuity management	Business impact analysis
Business continuity planning	Response and recovery plans	Testing of plans	Crisis communication	Outsourcing of ICT services and ICT systems

New links in existing questions

P2 – Governance – Questions 1.1, 2.6 and 9.1

My homepage Q

- millimanirishdemo@viclarity.com (0)
 - P1 (7)
 - P2 (4)**
 - P3 (4)
- Milliman Master European (0)
- millimanmasterIrish@viclarity.com (0)
 - Milliman Outsourcing (3)

Irish Demo - P2 - ORSA millimanirishdemo@viclarity.com	   
P2 - Recovery Planning millimanirishdemo@viclarity.com	   
Irish Demo - P2 - RMS millimanirishdemo@viclarity.com	   
Irish Demo - P2 - Governance millimanirishdemo@viclarity.com	   



▼ Relevant Files: P2 - Governance » P2 - Governance - Q1.1

Level 1 Statutory Instruments: Regulation 44 (1)-(3)

Level 2 Delegated Acts: Article 258 (1)

Level 3 Guidelines: BoS-20-600 - Guideline 2

1. GENERAL REQUIREMENTS

1.1. To what extent does the company have in place an effective System of Governance, which provides for the sound and prudent management of the business?

New questions in existing sections

P2 – Governance – Questions 2.7 and 3.13

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 - P2 (4)**
 - P3 (4)
- Milliman Master European (0)
- millimanmasterIrish@viclarity.com (0)
 - Milliman Outsourcing (3)

Irish Demo - P2 - ORSA millimanirishdemo@viclarity.com	   
P2 - Recovery Planning millimanirishdemo@viclarity.com	   
Irish Demo - P2 - RMS millimanirishdemo@viclarity.com	   
Irish Demo - P2 - Governance millimanirishdemo@viclarity.com	   



▼ Relevant Files: **P2 - Governance** » P2 - Governance - Q3.13

Level 3 Guidelines: BoS-20-600 - Guideline 25

3. OUTSOURCING

3.13. To what extent has the Company applied the outsourcing requirements for information communication technology (ICT) services and systems?

New questions in a new section

P2 – RMS – New Section 2 – 7 Questions

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- millimanmasterIrish@viclarity.com (0)
 - Milliman Outsourcing (3)

Irish Demo - P2 - ORSA millimanirishdemo@viclarity.com	   
P2 - Recovery Planning millimanirishdemo@viclarity.com	   
Irish Demo - P2 - RMS millimanirishdemo@viclarity.com	   
Irish Demo - P2 - Governance millimanirishdemo@viclarity.com	   

2. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

2.1. To what extent does the Company have an ICT strategy in place that meets the appropriate guidelines?

Relevant Files: P2 - RMS » P2 - RMS - Q2.1

Level 3 Guidelines: BoS-20-600 Guideline 3

2. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

2.1. To what extent does the Company have an ICT strategy in place that meets the appropriate guidelines?

Recovery Planning

New CBI Requirements and Guidelines

Recovery Planning for Insurers

- We updated the tool for Irish accounts to reflect documents released in April 2021 by the Central Bank of Ireland. This was implemented in the tool and communicated in June 2021.
- There is a new requirement for insurers to prepare a recovery plan.
- The requirements state that:

“an insurer shall

*(i) prepare the recovery plan by **31 March 2022**, or*

(ii) where the insurer is newly authorised by the Bank on or after the date on which these Regulations come into operation, prepare the recovery plan within 12 months of the date of its Authorisation”

- For more information, please see our recent briefing note discussing the CBI requirements [here](#).

CBI Documents on Recovery Planning

Recovery Plan Requirements for Insurer

- 16 Pages
- This document is a new “Level 1” requirement in the tool.
- It is a Statutory Instrument written into Irish law (No. 184 of 2021).
- It is a separate document to the Statutory Instrument which enacts the Solvency II Directive (No. 485 of 2015)

Recovery Plan Guidelines for (Re)Insurer

- 23 Pages
- This document was released to assist insurers in preparing a recovery plan as required in the Level 1 Statutory Instrument.
- It is categorised under the ‘CBI Guidelines and Requirements’ section of the Milliman tool

New S2CAT Module in Pillar 2

Recovery planning

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- millimanirishdemo@viclarity.com (0)
- millimanmasterIrish@viclarity.com (0)
 - P1 (7)
 - P2 (4)**
 - P3 (4)
 - Access to Solvency II Documentation (1)
 - Milliman Outsourcing (3)

	P2 - Governance millimanmasterIrish@viclarity.com			
✓	P2 - RMS millimanmasterIrish@viclarity.com			
	P2 - ORSA millimanmasterIrish@viclarity.com			
✓	P2 - Recovery Planning millimanmasterIrish@viclarity.com			

P2 - Recovery Planning

All Data ▾ Filter Delegate More ▾

Versions Footnotes Values Schedules Archived %

- 1. 1. SCOPE / APPLICATION
- 2. GENERAL REQUIREMENTS
- 3. SECTION REQUIREMENTS

1. Scope / Application

3 Initial Questions

P2 - Recovery Planning

All Data ▾  Filter Delegate More ▾

   Versions Footnotes Values Schedules Archived %

	<input type="checkbox"/>		0%	
<input type="checkbox"/> 1. 1. SCOPE / APPLICATION	<input type="checkbox"/>		0%	
<input type="checkbox"/> 1.1. Is a compliance assessment of the Company's recovery plan required? Please consider the references above regarding applicability and 		Yes	No	
<input type="checkbox"/> 1.2. To what extent does the Company's recovery plan include any subsidiaries entities?	0%			
<input type="checkbox"/> 1.3. If the Company has an Irish branch operation established, to what extent has the Company's Irish branch also developed its recovery plan?	0%			

Note: In the original image, three ovals highlight the 'edit icon' column, the 'Yes' column, and the 'No' column.

2. General Requirements

10 Questions

2. GENERAL REQUIREMENTS

2.1. To what extent does the Company's recovery plan include measures to address non-compliance with the SCR?

2.2. To what extent does the Company's recovery plan include measures to address non-compliance with the MCR?

2.3. To what extent does the Company's recovery plan include an assessment of the point at which entering solvent run-off is the most

2.4. To what extent has the Company's recovery plan been updated to reflect material changes in circumstances or changes to the recovery capacity of

2.5. To what extent has the Company's recovery plan been reviewed and updated in line with the guidance?

2.6. To what extent has the Company's recovery plan been formally assessed, challenged and approved by the board?

2.7. Has the recovery plan been reviewed by the insurer's internal audit function, external auditor or risk committee?

2.8. To what extent are recovery indicators in the recovery plan monitored frequently?

2.9. To what extent has the Company complied with requirements or requests for submission of the recovery plan to the regulator?

2.10. Do the recovery options include reliance on an undertaking within the same group?

Example

Relevant Files: [P2 - Recovery Planning](#) » [P2 - Recovery Planning - Q2.1](#)

Recovery Plan Guidelines: [Section 2.4](#)

2. GENERAL REQUIREMENTS

2.1. To what extent does the Company's recovery plan include measures to address non-compliance with the SCR?

- 1 - No progress has been made
- 2 - Some progress has been made but a lot of work still required
- 3 - Partly progressed
- 4 - Significant progress however some minor work still required
- 5 - Fully implemented to meet all requirements
- N/A - Not applicable

Submit and next

3. Section Requirements

10 Questions

- 3. SECTION REQUIREMENTS
- 3.1. To what extent does the Company's recovery plan include a Summary section that meets the relevant requirements?
- 3.2. To what extent does the Company's recovery plan include a section titled "Changes since last recovery plan" that meets the relevant requirements?
- 3.3. To what extent does the Company's recovery plan include a section titled "Approval of Recovery plan" that meets the relevant requirements?
- 3.4. To what extent does the Company's recovery plan include a section titled "Governance" that meets the relevant requirements? (The sub-questions
- 3.5. To what extent does the Company's recovery plan include a section titled "Strategic analysis" that meets the relevant requirements?
- 3.6. To what extent does the Company's recovery plan include a section titled "Recovery indicators" that meets the relevant requirements and includes at
- 3.7. To what extent does the Company's recovery plan include a section titled "Recovery Options" that meets the relevant requirements and includes
- 3.8. To what extent does the Company's recovery plan include a section titled "Scenario analysis" that meets the relevant requirements and includes
- 3.9. To what extent does the Company's recovery plan include a section titled "Communication Plan" that meets the relevant requirements and includes
- 3.10. To what extent does the Company's recovery plan include a section titled "Preparatory measures" that meets the relevant requirements?

Example

Relevant Files: [P2 - Recovery Planning](#) » [P2 - Recovery Planning - Q3.2](#)

Level 1 Statutory Instruments Recovery Planning: [Part B](#)

Recovery Plan Guidelines: [Section 5.3](#)

3. SECTION REQUIREMENTS

3.2. To what extent does the Company's recovery plan include a section titled "Changes since last recovery plan" that meets the relevant requirements?

- 1 - No progress has been made
- 2 - Some progress has been made but a lot of work still required
- 3 - Partly progressed
- 4 - Significant progress however some minor work still required
- 5 - Fully implemented to meet all requirements
- N/A - Not applicable

[Submit and next](#)

Future Updates

Solvency II 2020 Review

- As mentioned earlier in this presentation, the European Commission have made proposals following technical advice provided by EIOPA.
- One item relates specifically to a proposal for an Insurance Recovery and Resolution Directive (**IRR**D).

*“The directive will require (re)insurers to **formulate pre-emptive recovery plans** to facilitate prompt remedial action and ensure they are prepared should problems arise. It also grants national authorities powers to guarantee an orderly **resolution of failing (re)insurers** by ensuring as far as possible the continuity of the insurance coverage. This improves the outcome for consumers and limits recourse to taxpayers’ money.*”

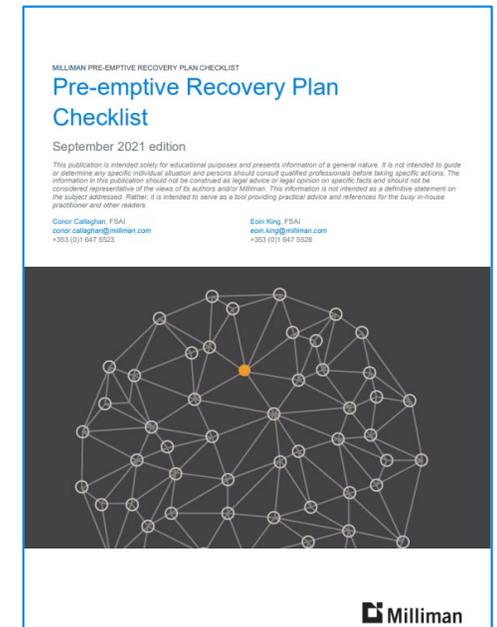
- For more information, see the European Commission [website](#).

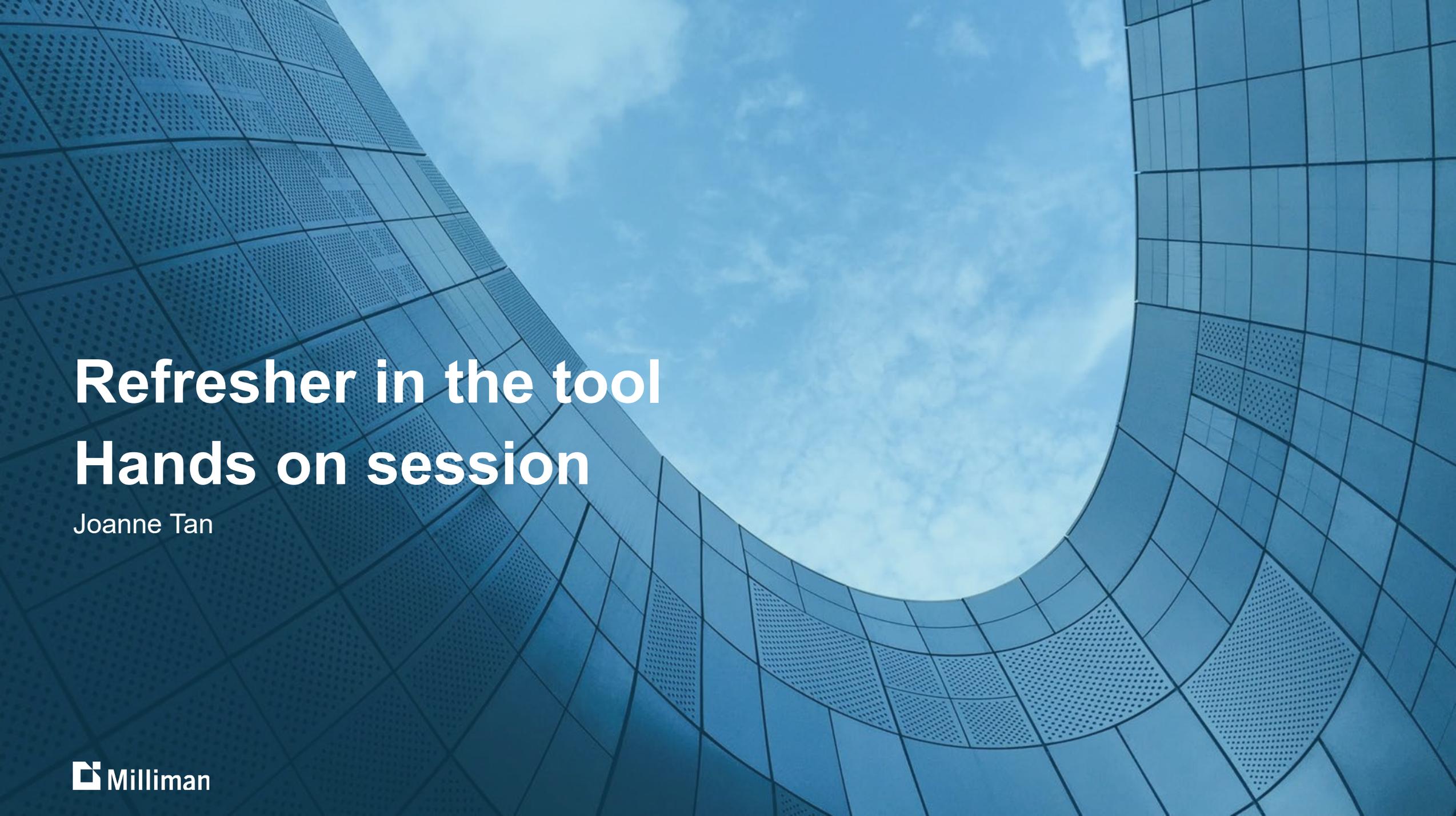
How can I find out more about recovery planning?

The reading challenge...

Ask your usual
Milliman consultant for
a copy of our checklist

- Milliman briefing note: Central Bank of Ireland recovery plan requirements for insurers regulations 2021
 - <https://www.milliman.com/en/insight/central-bank-of-ireland-recovery-plan-requirements-for-insurers-regulations-2021>
- Insurance Ireland Webinar on ORSA and Recovery Plans (from 40 minutes onwards)
 - <https://www.youtube.com/watch?v=3rxMOOFXTFw>
- Milliman article published by the SAI: Recovery and Resolution Plans: More to it than meets the eye
 - <https://web.actuaries.ie/press-publications/erm-resource-database/erm-blog/recovery-and-resolution-plans-more-it-meets-eye>
- Milliman presentation to the Society of Actuaries in Ireland (SAI):
 - <https://web.actuaries.ie/events/2018/10/latest-recovery-and-resolution-developments-banking-and-insurance>
- Milliman article published by InsuranceERM: [Navigating the options on recovery and resolution](#)
 - <http://www.milliman.com/uploadedFiles/insight/2017/Recovery-Resolution.pdf>
- Milliman research paper: Recovery and Resolution Plans: Dealing with financial distress
 - <http://ie.milliman.com/uploadedFiles/insight/2016/recovery-and-resolution-plans.pdf>
- Milliman presentation to the Institute and Faculty of Actuaries (IFoA):
 - <https://www.actuaries.org.uk/documents/c10-recovery-and-resolution-plans-banking-and-insurance>





Refresher in the tool

Hands on session

Joanne Tan

Refresher on key functionality in the tool

1

Users – answering questions

2

Managers – sending questions/delegations

3

Managers – setting up reminders

4

Managers – creating reports

5

Useful resources in the tool



New functionality in the tool

Hands on session

Q&A

Hands on session

In Summary

What to know for Year-End 2021



Minor changes to EIOPA QRTs

CBI Recovery Planning

EIOPA ICT Guidelines



What to expect in future



Sustainability measures, MCR floor amount changes

Annual changes expected to the QRTs

SII 2020 review progression



Speaker Contact Details

Chair: patrick.meghen@milliman.com

General Helpdesk: s2cathelpdesk@milliman.com

Solvency II 2020 Review

aisling.barrett@milliman.com

Updates during 2021

gavin.maher@milliman.com

ViClarity Update

tracy.fitzgerald@viclarity.com

Functionality Reminder

joanne.tan@milliman.com



Thank you

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