



CEIOPS-DOC-13/08 rev. 2

# **QIS4**

## **Guidance on the QIS4 Package**

**May 2008**

## **Guidance through the fourth Quantitative Impact Study on Solvency II**

This note is intended to guide participants through the QIS4 package and to facilitate an efficient and smooth processing of the material provided. We hope that this note will help undertakings to navigate their way through this material, and to identify the key pieces of information for this study, and thereby are optimistic that there will be a wide level of participation across Europe in this QIS.

All immediate information requirements should be covered by the QIS4 documents. For all further inquiries CEIOPS has, as for QIS3, set up a Q&A process: That is, in case questions arise, participants are encouraged to consult the CEIOPS Q&A document on <http://www.ceiops.eu/content/view/118/124/> and, if unable to find an answer there, ask their respective contact person at the national supervisory authority for guidance<sup>1</sup>. If the issue is of major importance or if the national supervisor cannot provide a full response, the inquiry will be transferred to CEIOPS. CEIOPS will usually provide the appropriate guidance within five working days. To improve consistency, all answers will not only be returned to the inquirer, but also disclosed (on an anonymous basis) through the Q&A document on CEIOPS' website.

Participation in a previous QIS is not a prerequisite for participating in QIS4. Indeed, CEIOPS would like to encourage all insurance undertakings to be fully involved in the process of developing Solvency II by participating in QIS4. Considering that this QIS will provide the main quantitative input that will be used by CEIOPS in the development of its final advice on level 2 implementing measures, which is due in October 2009, it is of major importance to ensure an even higher participation rate across the European (re)insurance market than in the previous exercises.

QIS4 is not the final exercise and its specifications do not pre-empt decisions that are to be taken for the new solvency framework. By participating in QIS4, undertakings will have the opportunity to make their views known and to identify specific issues for both CEIOPS and the European Commission to consider further. In addition, this will allow participants to get acquainted with the concepts applied early, thereby gaining firsthand knowledge about the latest developments and their implications for the future running of their business.

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<sup>1</sup> A list of contact persons is available on CEIOPS' website at the same address.

## The documents and how to navigate them

The following documents will be or have already been provided at CEIOPS' website ([www.ceiops.eu](http://www.ceiops.eu)):

	<b>File name</b>	<b>Doc no</b>	<b>Format</b>
<b>A</b>	<b>Call for Advice, Guidance and Specifications: Manual</b>		
1	Letter from EC	-	Pdf
2	Call for Advice	MARKT/2504/08	Pdf
3	Technical Specifications	MARKT/2505/08	Word
4	Note on the processing of groups results at EU level		Pdf
5	CEIOPS guidance note	CEIOPS-DOC-13/08	Pdf
6	Errata to the technical specifications	CEIOPS-DOC-14/08	Pdf
<b>B</b>	<b>Spreadsheets and IT Tools: Work book</b>		
1a	Spreadsheet for solo entities	CEIOPS-DOC-20/08	Excel
1b	Helper tabs for solo companies	CEIOPS-DOC-20b/08	Excel
1c	QIS4 Technical Specifications designed to be used for referencing from the spreadsheets	CEIOPS-DOC-20c/08	Word
1d	Simplifications tabs for solo companies	CEIOPS-DOC-20d/08	Excel
1e	Spreadsheet plug-in for internal models	CEIOPS-DOC-20e/08	Excel
1f	Best Estimate Valuation Tool	CEIOPS-DOC-20f/08	Excel
1g	Best Estimate Valuation Tool User's Guide	CEIOPS-DOC-20g/08	Word
2	Spreadsheet for groups (not yet available)	CEIOPS-DOC-21/08	Excel
3	Spreadsheet instructions	CEIOPS-DOC-22/08	Pdf
4	Term structures of interest rates	CEIOPS-DOC-23/08	Excel
5	Qualitative Questionnaire Solo	CEIOPS-DOC-16/08	Word
6	Qualitative Questionnaire Groups	CEIOPS-DOC-17/08	Word
7	Qualitative Questionnaire Operational Risk	CEIOPS-DOC-18/08	Excel
8	Qualitative Questionnaire Internal Models	CEIOPS-DOC-19/08	Excel
<b>C</b>	<b>Background papers</b>		
1	Cost of Capital Reference undertaking	CEIOPS-DOC-09/08	Pdf
2	Calibration	CEIOPS-DOC-02/08	Pdf
3	Groups example	CEIOPS-DOC-15/08	Pdf
4	Treatment of with-profit funds in groups	CEIOPS-DOC-35/08	Word
<b>D</b>	<b>Questions and answers</b>		

1	Questions and answers procedure	CEIOPS-DOC-11/08	Pdf
2	Questions and answers document	CEIOPS-DOC-12/08	Word
E	<b>National guidance</b>		Pdf
F	<b>Final report</b>		Pdf
G	<b>QIS4 contact persons at supervisors</b>		Excel

The table covers all the files provided to QIS4 participants. The first set of documents constitutes the **QIS4 manual**, which covers all the essential information on the QIS4 framework.

The technical specifications set out the solvency calculation model tested and covers the essential information that will be needed for the participant to complete the QIS4 tasks (and to complete the provided spreadsheet). For additional information, participants are referred to the annexes or the calibration papers.

The calibration papers reflect CEIOPS' choice of parameters. The information therein can be helpful to comprehend the approach manifested in the technical specifications. Participants that are not convinced about certain approaches may then use this information to flesh out their arguments in the respective questions in the qualitative questionnaire (especially those parts where they are expressly asked about their opinion on the various modules).

The **work book** is intended to facilitate the provision of information by participants, in a standard format, about the quantitative effect of these proposals.

CEIOPS publishes two separate core spreadsheets, one for solo calculations and one for group results. These are accompanied by a set of 'plug-in'-tabs for the guided calculation of Simplified Approaches as laid out in the Technical Specifications, the answering of or where a direct inclusion in the core spreadsheet would go beyond their scope ('Helper tabs'). Further, CEIOPS and the GCA provide a jointly developed Valuation Tool for the best estimate of technical provisions for non-life business, which is explained in a dedicated users' guide.

The completed documents shall be submitted by 7 July 2008. For group results, the deadline is 31 July 2008.

The spreadsheet instructions are intended to provide detailed guidance on how to fill in the spreadsheets. However, where necessary, guidance is also provided to other parts of the sheets. Where available, references are also made to the respective paragraph in the technical specifications. Where relevant, the spreadsheet instructions also contain useful technical information to assist in the completion of the spreadsheet.

CEIOPS provides participants with various interest rate term structures. These can be used for discounting future cash flows; however, participants are not obliged to use these predefined term structures. This document includes term structures in EUR, CZK, DKK, GBP, HUF, NOK, PLN, SKK, SKR, CHF, JPY, TRY and USD both for end of 2006 and end of 2007. For your convenience, the term structures are also incorporated into the main (workbook) spreadsheet.

The qualitative questionnaires, providing the full set of questions contained in the European Commission's Technical Specifications in a clear format, will provide

CEIOPS with additional or clarifying information which is either not covered in the spreadsheets, or which is needed to allow a proper interpretation of the answers given in the spreadsheets. These are primarily qualitative questions on internal models and group issues. They also provide the participants with a structured opportunity to express their opinion on the various aspects in QIS4. Participants are asked to respond to those questions that are relevant to them. Undertakings are free to complete the questionnaire in what they deem to be the most efficient way. For certain questions (e.g. on groups) it can be reasonable to treat them in parallel while filling out the spreadsheets. Other parts may ideally be answered after having finalised the whole quantitative work.

## **Additional information to keep in mind**

Accuracy of calculations / availability of data: CEIOPS encourages every insurer to participate in QIS4, being well aware of the high demand on smaller institutions that do not have the resources to afford an extensive risk management. Therefore, those companies may use the proposed simplified approaches and complete the spreadsheet and questionnaire(s) as far as possible, leaving those parts blank that cannot be filled out without disproportionate effort. CEIOPS asks those participants that use simplifying assumptions to indicate (and if necessary describe) these in the qualitative questionnaire.

Confidentiality of data: The data sent to the national supervisor are kept confidential. Only aggregated information of the respective national market will be provided in the final Summary Report on QIS4. If the number of respondents from a national market is very small, CEIOPS may opt to restrict this information in the final Summary Report or pool it, in case there is more than one national market with a small number of participants. CEIOPS strives to make it impossible to draw conclusions about individual entities.

Informative meetings and first points of reference: Please refer to your national supervisor for detailed information. A list of contact persons for QIS4 at national supervisors can be found on CEIOPS' website. Further to this, CEIOPS will organise a meeting with industry representatives in Frankfurt on 28 April 2008 in order to present the QIS4 spreadsheets with a special emphasis on group issues. Written comments are best addressed to your national supervisor, but may – on technical spreadsheet issues – also be directed to CEIOPS' QIS4 Task Force (QIS4TaskForce@ceiops.eu).

Participation of insurance groups: All participants (both insurance groups with a parent undertaking inside and outside the EEA) should submit their group results to the supervisor responsible for supplementary supervision ("lead supervisor"). To facilitate the processing, the answers to the qualitative questions should be given in English, unless agreed otherwise with the lead supervisor. For a detailed explanation how group results are processed, please refer to the respective note available on CEIOPS' website (<http://www.ceiops.eu/content/view/118/124/>).

Closing date: The completed documents shall be submitted to your national supervisor by **7 July 2008**. For group results, the respective deadline is **31 July 2008**.