

EIOPA advises on SII Delegated Regulation *di Silvia*

Dell'Acqua

11/08/2017 08:00

EIOPA started a review of the Delegated Regulation last December 2016, publishing a first discussion paper whose responses were received in March 2017. A roundtable followed during May 2017 and the outlines of the proposals gathered were presented to the stakeholders on June 2017.

The goal is to look for possible simplification of the SCR calculation, ensuring a proportionate application of the Standard Formula (SF) requirements.

Last 4th July 2017 EIOPA issued a consultation paper on its first set of advices to the European Commission (EC) on specific items in the SII Delegated Regulation, seeking for comments to be sent by next 31st August 2017. The aim is to finalise the advice by October 2017, to issue another consultation paper by the end of the year and to send the second set of advices by February 2018.

The consultation paper advises on a number of items:

1. Simplified calculations

- The EC asked EIOPA to provide information on the current use of the existing simplifications and to suggest improvements (further methods and simplifications) to strengthen a proportionate application of the requirements.
- Several stakeholders pointed out the difficulty of quantifying the error introduced by a simplified calculation, some claimed the need to use other simplifications than those listed; other proposed to set the SCR to a conservative amount for immaterial risks, saving the implementing costs. A large number of stakeholders stated that the calculation of non-life lapse risk (policy by policy) is too burdensome and not proportionate (too high complexity compared to the materiality of the risk). For what concerns the Life underwriting risks, many stakeholders pointed out the need for a simplification of the lapse risk (calculated policy per policy) and for a review of the mass lapse shock, deemed too high and inappropriate. An improvement to allow for a capital risk that varies over time was suggested for the simplified calculation of the mortality risk.
- EIOPA believes that the current documentation is not to modify as it does not prevent stakeholders from using simplified calculations: a quantitative assessment is not necessarily required when a qualitative evaluation proves the immateriality of the error. This belief is supported by the number of simplification adopted in 2016 (the precise

number will be available in July 2017 thanks to the annual QRT, but a first estimate of the NSAs indicates the total to be close to a thousand). Adopting further simplifications than those listed and setting a conservative amount for the immaterial risk is opposed to the aim of simplifying the calculation: the stakeholders would need to prove the correctness of the calibrations in the former case and to specify a method to set the amount in the latter (similarly to an internal model framework). EIOPA thinks there is room to simplify the calculation of the lapse risk (both life and non-life) by using homogeneous risk groups, provided that no compensation effects are allowed and the results are not materially different. The appropriateness of the MCAT stress is out of scope; nevertheless the materiality will be assessed at a later stage with the help of the annual QRTs. The enhancement on the mortality risk sub module has been taken on board.

2. Reduction of the reliance on external credit ratings

- The EC asked EIOPA to further develop the framework (setting out methods and criteria to derive alternative credit assessments) in order to limit the reliance on rating agencies.
- The Stakeholders stated that as the development of internal credit assessments requires specific expertise and is very costly, it should be also used for internal risk and portfolio management, TP evaluations and assessment of reinsurance recoverable; they suggest allowing for the usage of internal rating models. Some stakeholders suggested the possibility for internal credit assessment to reduce the capital requirement. They argued that the methodology based on market implied ratings is too complex and available for a limited number of financial instruments (often relying on CDSs), while they were in favour of using market spreads as a risk indicator: a standard capital charge would be defined applying the EIOPA representative portfolio used for the calculation of the VA and an adjustment to this capital charge would be derived looking at the entity specific portfolio.
- EIOPA believes that internal measures and ratings is the best alternative to External Credit Assessment Institutions (ECAIs) and will provide further incentives, without making it mandatory for all the exposure as the development required is disproportionate. On the contrary, it claims the possibility of lowering the capital charge not to be appropriate (new approval process required). The supervisor authority also agrees on the limitation of market implied rating, nevertheless it will further explore their usage in combination with other measures. EIOPA deems the market spreads not to be appropriate (they may increase pro-cyclicality and incentivise a focus on the short

term credit risk) and the use of a reference portfolio to raise practical issues (the granularity of the risk charge in buckets of duration and sector would increase the complexity; the portfolios would cover certain types of investments only).

3. Treatment of guarantees

- The EC asked EIOPA to provide information on the current amount of exposures guaranteed by a third party, regional governments and local authorities (RGLAs) and to assess the differences between the banking framework and the Delegated Regulation.
- Most of the Stakeholders commented that the differences between the banking framework and the Delegated Regulation are not justified and that it is meaningless to provide a different risk assessment for the same counterparty. All of them are in favour to align the guarantees issued by RGLAs to those issued by Member States' central governments (in some Member States the RGLAs are ultimately guaranteed by the States) as this would reduce the regulatory barriers to invest in socially useful infrastructure projects.
- EIOPA agrees with stakeholders' proposition: the differences do not appear to be justified and both lists should be harmonized, through a close cooperation with the European Banking Authority. The quantitative analysis based on the QRTs shows that the value of the RGLA equals 170bln euro (1.6% of total Assets).

4. Risk mitigation techniques

- The EC asked EIOPA to provide information on recent market developments on the risk mitigation techniques — RMT (in particular embedded derivatives and longevity risk transfer) and to assess if they are covered by the current framework for their recognition.
- Stakeholders stated that longevity index derivatives are increasingly being considered, mainly by pension funds and undertakings providing annuity products. Multiple stakeholders argued that longevity swaps are treated in an appropriate way under SII SF, while others raised concerns on the Risk Margin (reinsurance contracts are included, but financial instruments are not)
- EIOPA will respond all comments on the risk margin in the next set of advice that will be consulted on in November and December 2017.

5. Look-trough approach

- The EC asked EIOPA to provide information on undertakings used as investments vehicle and to assess under what condition it may be appropriate to extend to them the look-through approach.
- Most of the stakeholders pointed out the need of having a specific mandate to identify the investment vehicles with no other purpose other than holding assets on behalf of the parent/participating undertaking, while others suggested they should be determined by a self-assessment; some comments suggested to limit the extension of the look-trough approach to controlled entities.

- EIOPA agrees in setting up common criteria for the identification and believes that the application of the look-trough approach to "investment related undertakings" should be mandatory, regardless whether it is likely to determine a lower SCR. An "investment related undertaking" is the one that holds assets on behalf of the parent undertaking, supports its operations related to investments activities and does not run any other business than investing for the purpose of the parent undertaking.

6. Undertaking Specific Parameters (UPS)

- The EC asked EIOPA to assess alternative methods for the calculation of the USP and of the group specific parameters built on UPSs.
- Some stakeholders claimed that expert judgement should be used where data are not complete; others suggested relaxing the criteria for line of business that are not material. A methodology to compute UPS for lapse risk was proposed, and country specific shocks were suggested as a way to calibrate mortality and longevity risk. Some stakeholders requested to use USP for correlation and some parts of the market risk. Some stakeholders proposed to calculate GSPs as a weighted average of the USPs.
- EIOPA believes that some flexibility regarding the data completeness already exists and that non material risks should be rather treated via simplified calculations. The method proposed for the lapse risk does not meet the SF requirements; likewise, country specific shocks are not in line with the framework of the Directive. Correlations and market risk are not in scope of USP. EIOPA does not advice building GSP by using USP: data of solo undertakings viewed at group level can be different than data at solo level and the weighted average is not appropriate for standard deviations.

7. Loss Absorbing Capacity of Deferred Tax (LAC DF)

- The EC asked EIOPA to report on the different methods currently applied and on their impact regarding LAC DT.
- EIOPA has reported some data, but has not yet come up with any advice on possible changes in the Delegated Regulation. EIOPA hypothesises that five factors influence the amount of LAC DF: applicable tax rate, tax régime, net DTL on the balance sheet, size of the undertaking and solvency ratio.

EBA: pubblicato Documento di discussione su approccio al settore Fintech

11/08/2017 08:11

L'EBA ha pubblicato un documento di discussione riguardante il suo approccio al settore FinTech.

Il documento, in particolare, presenta i risultati del primo esercizio di mappatura compiuto a livello europeo ed illustra i programmi di lavoro dell'Autorità.

Per ottenere una migliore comprensione delle dinamiche del settore all'interno dell'UE, infatti, nella primavera del 2017, l'EBA ha lanciato il primo esercizio di mappatura FinTech attraverso il quale sono state raccolte informazioni dettagliate per 282 aziende operanti nel settore. Sulla base dell'esercizio di mappatura e del lavoro precedentemente svolto in materia di innovazioni finanziarie, l'EBA ha formulato proposte di lavoro nelle seguenti aree:

1. regimi di autorizzazione e sandboxing;
2. impatto sui rischi prudenziali e operativi per gli enti creditizi, le istituzioni di moneta elettronica e gli istituti di pagamento;
3. impatto delle attività FinTech sui modelli di business di queste istituzioni;
4. protezione dei consumatori e criticità del mercato retail;
5. impatto sulla risoluzione delle imprese finanziarie e
6. impatto in tema di riciclaggio di denaro e contrasto al finanziamento del terrorismo.

L'EBA invita le parti interessate a presentare osservazioni e commenti entro il 06 novembre 2017.

Comunicato stampa Documento di discussione EBA

Pubblicato il Risk Dashboard EIOPA per il primo trimestre 2017

11/08/2017 08:08

L'EIOPA ha pubblicato il nuovo aggiornamento del Risk Dashboard basato sui dati del primo trimestre del 2017. Il documento - a cadenza trimestrale - riassume i principali rischi e le vulnerabilità nel settore assicurativo dell'Unione Europea utilizzando un insieme di indicatori suddivisi per classi di rischio.

I risultati mostrano che l'esposizione al rischio del settore assicurativo nell'Unione europea è rimasta stabile nel periodo di riferimento, con una riduzione generalizzata della volatilità e tassi di inflazione che fluttuano vicino all'obiettivo di medio termine del 2%. Gli indicatori finanziari si attestano su livelli stabili e soddisfacenti per i gruppi assicurativi, mentre per le imprese di assicurazione non operanti nel ramo vita si assiste ad un lieve peggioramento della situazione patrimoniale.

Il perdurare dell'attuale régime di bassi tassi di interesse e l'osservazione che i fondamentali del mercato potrebbero non riflettere correttamente il rischio di credito sottostante, rappresentano preoccupazioni importanti per l'industria assicurativa europea.

I risultati presentati nel documento si basano sui dati provenienti da un campione di 93 gruppi assicurativi e 3.076 imprese di assicurazione.

Comunicato stampa Risk Dashboard EIOPA 1Q 2017

CRR: Aggiornato l'elenco EBA delle istituzioni del settore pubblico per il calcolo dei requisiti patrimoniali

11/08/2017 08:06

L'Autorità bancaria europea (EBA) ha pubblicato un elenco aggiornato di soggetti del settore pubblico equiparati agli enti locali e ai governi centrali per il calcolo dei requisiti patrimoniali a fronte del rischio di credito ai sensi del Regolamento CRR (Capital Requirements Regulation). L'elenco comprende gli istituti che sono trattati come governi regionali, autorità locali o governi centrali nell'ambito del metodo standardizzato (SA) alla luce del loro ridotto livello di rischio. Come conseguenza, le esposizioni nei confronti degli enti pubblici inclusi nell'elenco riceveranno lo stesso trattamento - in termini di ponderazione per il rischio - previsto per le autorità locali e le amministrazioni centrali.

L'elenco è compilato utilizzando le informazioni fornite dalle autorità nazionali competenti e si basa sulla classificazione utilizzata in ciascun paese. Gli approcci e i criteri di ammissibilità per l'individuazione degli istituti possono pertanto variare da paese a paese.

Comunicato stampa Elenco EBA aggiornato

MiFID II: avviate tre consultazioni Consob sulle modifiche al regolamento intermediari e al regolamento mercati

11/08/2017 08:03

La Consob ha avviato 3 consultazioni aventi ad oggetto il recepimento delle novità regolamentari introdotte dalla Direttiva MiFID II. In particolare, i documenti di consultazione riguardano:

- Modifiche al Regolamento Intermediari concernenti le procedure di autorizzazione delle SIM e l'ingresso in Italia delle imprese di investimento UE e la disciplina applicabile ai gestori in recepimento della direttiva 2014/65/UE (MiFID II).
- Modifiche al Regolamento Mercati in recepimento della Direttiva 2014/65/UE (MIFID II) e in attuazione del Regolamento (UE) 600/2014 (MIFIR)
- Modifiche al libro VIII del Regolamento Intermediari in materia di consulenti finanziari.

Le consultazioni avranno termine il 30 settembre 2017

Direttore: Emilio Barucci.

Redattori: Roberto Baviera, Marco Bianchetti, Michele Bonollo,
Stefano Caselli, Andrea Consiglio, Silvia Dell'Acqua,
Giancarlo Giudici, Gaetano La Bua, Daniele Marazzina, Giulia
Mele, Carlo Milani, Aldo Nassigh, Nino Savelli.

© 2017 FinRiskAlert - Tutti i diritti riservati.

Le opinioni riportate negli articoli e nei documenti del sito www.finriskalert.it sono espresse a titolo personale dagli autori e non coinvolgono in alcun modo l'ente di appartenenza.

Gli articoli e documenti pubblicati nel sito e nella newsletter FinRiskAlert hanno l'esclusiva finalità di diffondere i risultati di studi e ricerche a carattere scientifico. Essi non rappresentano in alcun modo informazioni o consulenza per investimenti, attività riservata, ai sensi delle leggi vigenti, a soggetti autorizzati.
