

Groups in the IMAP process

**Group supervision and strategy under Solvency II
Institute of Risk Management Seminar**

13 December 2010

Agenda



- 1. What should firms be doing as part of the IMAP process on groups?**
- 2. What is the FSA doing on Groups in IMAP?**
- 3. Example of IMAP process for UK group**
- 4. Key articles to consider**
- 5. Summary**

What should firms be doing as part of the IMAP process on groups? (1)



- **Show they understand the structure of the group. By this we mean, where are their holding companies, subsidiaries, branches, other mixed activity entities, other financial entities, participations etc?**
- **Analyse the group structure in line with the articles of the Directive and provide us with their understanding of where group supervision applies and reflect this in the pre-application process and meetings with FSA.**
- **Think about the scope of their model and which SCRs will be calculated and reflect this in the pre-application process and meetings with FSA.**

What should firms be doing as part of IMAP process on groups? (2)



- **Provide the structure of the group. (Not a simplified version.)**
- **Ensure that subsidiaries are engaging with the relevant supervisory authorities.**
- **Factor any risks of being part of the group, for example intra group transactions.**
- **Factor potential impact of equivalence or non equivalence.**
- **Plan how information needs to be presented to College of supervisors.**

What is the FSA doing on Groups in IMAP?



- **FSA teams working together to understand group implications on different group structures.**
- **Keeping pace with developments in Europe.**
- **Building a flexible and adaptable process knowing what we know now.**
- **For colleges, assessing what we need to do at different stages of the process and what we need to consider as part of the college, both as group supervisor and a member.**
- **Sharing experiences within the FSA and with other regulators on how the process is working with firms that are in pre-application.**

Example FSA IMAP process for UK group (1)



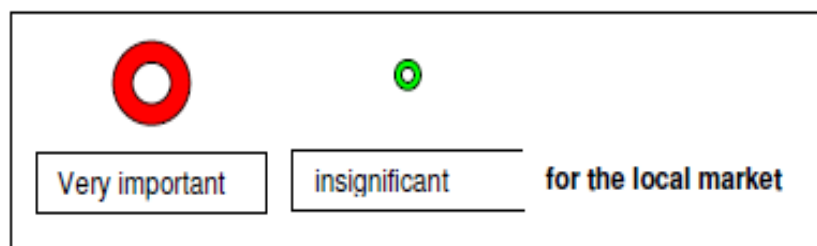
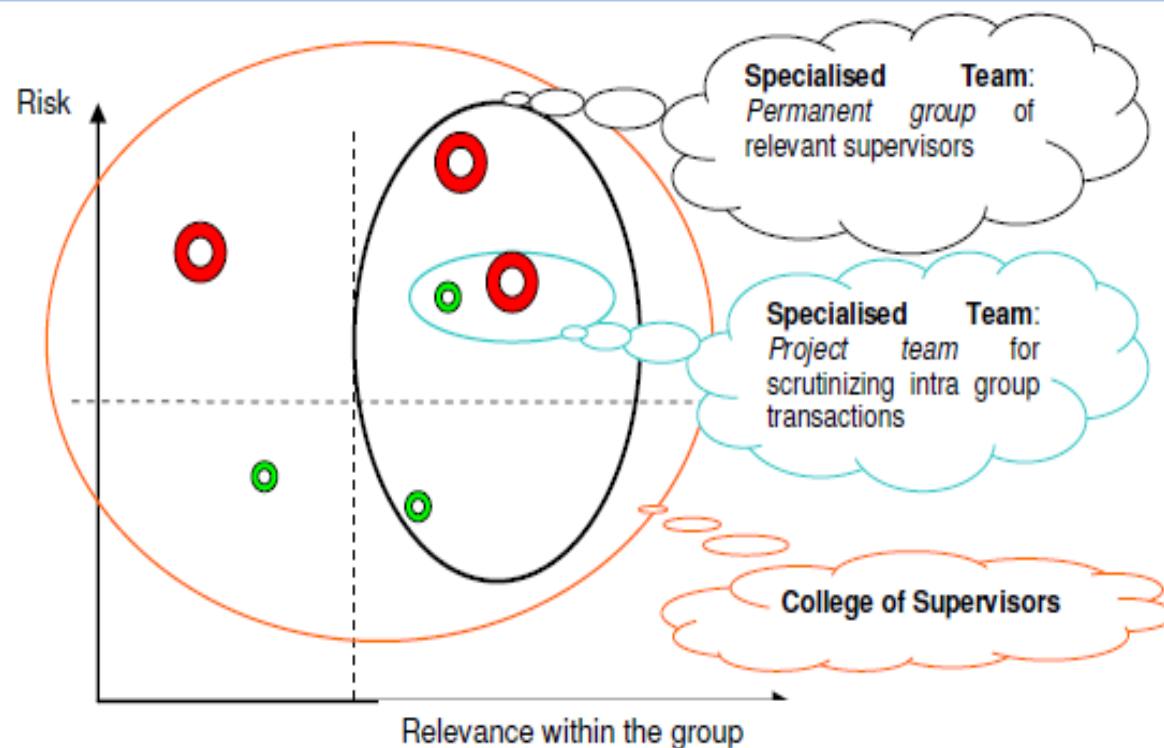
- 1. Ensure a college is set up**
- 2. PAQC approved**
- 3. Communicate to college supervisors and create IMAP sub-college: this will include supervisors from subsidiaries and may include supervisors from “significant branches”, banking supervisors and Third Country regulators.**
- 4. The IMAP sub college is a Specialized Supervisory Team as per CEIOPS advice CP80 and Art 231. Their main role will be to cooperate in the internal model approval process.**
- 5. The IMAP sub college will ideally be set up before any major meetings take place with the firm.**

Example IMAP process for UK group (2)



- 6. After the self assessment form is completed and returned, the FSA will produce a clear work plan and IMAP college members will have a meeting to discuss the organisation of their work.**
- 7. The IMAP college members will operate as follows:**
 - Parts of the work plan will be allocated to active IMAP sub-college members or teams. For example CAT risk, risk management, data, solo SCRs etc...**
 - There could be a scenario where there is a particular area of concern which requires deviation from the work plan.**
 - Common information sharing will take place.**

Example of college setting



Key articles to consider

- 213: cases of group supervision
- 220: choice of method
- 227: equivalence
- 230, 231: types of application
- 260, 261, and 262: third country groups
- 247, 248: group supervisor and what to expect from a college

Summary



- **Firms need understand their group structure according to the requirements of the Directive.**
- **The FSA is working with colleagues internally and in Europe to ensure consistency in the approach to the internal model approval process.**
- **The process will develop as the European policy making timeline progresses, and we and firms need to adopt a flexible and adaptable approach - we can't stop and wait.**

**If firms want to discuss, they can get in touch
with their usual supervisory contact or email
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