



EUROPEAN COMMISSION

Directorate-General for Financial Stability, Financial Services and Capital Markets Union

INVESTMENTS AND COMPANY REPORTING
Accounting and Financial Reporting

22 March 2018
FISMA

Subject: Summary of the meeting between [REDACTED] (Crédit Agricole Assurances) and Mr BELTRAMELLO (Cabinet)

Solvency II calibration:

[REDACTED] reported that CREDIT AGRICOLE ASSURANCES (CAA) had recently started investing in green bonds and that in his view the resulting capital requirement according to Solvency II was a major drag on future investments in such assets. He therefore inquired about an upcoming initiative pertaining to the prudential requirements applicable to "green" financial instruments.

He also pointed out that the recalibration of the interest rate shock proposed by EIOPA in its 2018 second set of advice to the European Commission would have a detrimental impact on the solvency rate of CAA with a 40% decrease. He also challenged the data used for the recalibration of the credit-insurance prudential requirements highlighting that the data used by EIOPA for this segment were based on a 50% decrease of premiums whereas the group's subsidiary dedicated to that activity had experienced a 50% growth. He finally stressed that the calibration of the equity risk under Solvency II was a major deterrent on long term investments in equity and inquired about possible middle term legislative initiatives with that respect.

Mr BELTRAMELLO stressed that there was an ongoing work from the commission to classify eligible "green" assets and that prudential requirements would be considered in a second step. He also pointed out that the calibration of equity risk could fall within the scope of the 2020 Solvency II review clause but that some Member States had expressed strong opposition.

IFRS 17 operational requirements

[REDACTED] pointed out that IFRS 17 implementation was very demanding and that the 2021 first application was a major challenge for CAA. He expressed doubts about the benefits of IFRS 17 with regards to comparability considering the numerous options in the standard and stressed that several major interpretation issues were still pending which was a major drag on the implementation project of CAA. He especially reported that major uncertainties arose from interpreting the aggregation requirements of IFRS 17 to participating contracts (possibility to group unit linked and guaranteed premiums) and from the pending definition of the coverage units applicable to investment contracts. He also pointed out that :

- IFRS 17 would have a prudential impact on financial conglomerate under the "Danish compromise" as the restated equity under IFRS 17 would be the eligible capital under banking prudential requirements;
- he had concerns about the implementation of IFRS17 in jurisdictions where the application of IFRS is required in corporate financial statements ;
- that applying IFRS17 requirements to the business plan of CAA using the same assumptions as for the ORSA had revealed significant volatility arising from the standard.

Contact:

