

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

Name of Company:	Association of Financial Mutuals	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-13-009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to this Consultation Paper, the numbering of cells refers to the Technical Annexes II and III.</p>		
Reference	Comment	Resolution
General Comment	The Association of Financial Mutuals represent financial mutual insurers within the UK, with 53 member companies and assets approach £100 billion. We welcome the chance to comment on this consultation paper.	
Introduction General Comment		
1.1		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

1.2		
1.3		
1.4		
1.5		
1.6		
1.7		
1.8		
1.9	<p>It is not clear from the text to which firms these new requirements will apply. Will it be to firms that are directive under the old « Solvency I » regime or would it be to firms that are directive under the Solvency II regime? There are firms that will be directive under the old regime who will become non-directive under Solvency II and firms that are currently non-directive who will become directive under Solvency II.</p> <p>We have seen reports that this set of guidelines do not apply to firms that are non-threshold for the reporting CP. We believe this is incorrect as a general rule and only a limited number of guidelines will not apply to « non-threshold » firms.</p> <p>Clarity here is very important in helping firms and NCAs prepare.</p>	
1.10	<p>Firms which are non-threshold may need to show coverage for solvency requirements on two bases in their forward looking assessment : both under the current regulatory capital requirements (or Solvency I) ; and under Solvency II. The continuing uncertainty over which capital regime will apply in the future is damaging and causes extra expense for firms.</p>	
1.11		
1.12		
1.13		
1.14		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

1.15		
1.16		
1.17		
1.18		
1.19		
1.20		
1.21	<p>Again, we would suggest a rewording of this paragraph to avoid firms thinking they need a completed forward looking assessment in place as at 1/1/2014. We understand that the intention is for firms to make sure preparation for Solvency II is undertaken <u>within</u> 2014 and that firms should have a forward looking assessment carried out within the year and to have carried out the work required by the guidelines within that time. We would suggest the paragraph is reworded to state: 'Firms should be making all steps to comply within 2014 and we would expect the guidelines to be complied with by 31/12/2014, although compliance with the full Solvency II requirements is not necessary by then.'</p>	
Section I. General Comments		
1.22		
1.23	Can we suggest inserting « that would be subject to the Solvency II directive » after « undertakings »	
1.24		
1.25		
1.26		
1.27		

Comments Template on Consultation Paper on the Proposal for Guidelines on Forward Looking assessment of the undertaking's own risks (based on the ORSA principles)		Deadline 19 June 2013 12:00 CET
1.28		
1.29	We would welcome clarity as to when the level 2 and 3 text can be released allowing firms to ensure they meet the Solvency II standard. A statement from EIOPA on whether it can issue some technical standards (similar to the specification for the long term guarantees assessment) and by which date would be helpful.	
Section II. General Comments		
1.30		
1.31		
1.32		
1.33		
1.34		
1.35		
1.36	We presume that the two weeks stated is not after the date that the calculations are complete, but two weeks after the AMSB has signed off the forward looking assessment. Some consideration should also be given around the need for the ORSA to be a process rather than just a report. In practice therefore there may be a myriad of documents involved. Further, it is unclear on what basis the capital requirements should be carried out.	
Section III. General Comments		
1.37		
1.38	This implies that firms will need to carry out the forward looking assessment on both a Solvency II projected balance sheets and on the current Solvency I projected balance sheets. The former is not possible until clarity around the LTGA is achieved.	

Comments Template on Consultation Paper on the Proposal for Guidelines on Forward Looking assessment of the undertaking's own risks (based on the ORSA principles)		Deadline 19 June 2013 12:00 CET
1.39		
1.40		
1.41	A definition of medium and long term would be useful. Most firms have abandoned planning beyond 5 years and there is a trend to abandoning planning beyond 3 years as being too speculative to be useful. The definition should however be consistent with the nature of the insurance business being written and the undertakings business model	
1.42		
1.43		
1.44		
1.45		
1.46		
Section IV. General Comments		
1.47		
1.48		
1.49		
1.50		
1.51		
1.52		
1.53		
Compliance and Reporting Rules General Comments		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

1.54		
1.55		
1.56		
1.57		
Impact Assessment – General Coments		
2.1		
2.2		
2.3		
2.4		
2.5		
2.6		
2.7		
2.8		
2.9		
2.10		
2.11		
2.12		
2.13		
2.14		
2.15		
2.16		
2.17		
2.18		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

2.19		
2.20		
2.21		
2.22		
2.23		
2.24		
2.25		
2.26		
2.27		
2.28		
2.29		
2.30		
2.31		
2.32		
2.33		
2.34		
2.35		
2.36		
2.37		
2.38		
Question 1		
Question 2		
Question 3		
Question 4		
Question 5		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

Question 6		
2.39		
2.40		
2.41		
2.42		
2.43		
2.44		
2.45		
2.46		
2.47		
2.48		
2.49		
2.50		
2.51		
2.52		
2.53		
2.54		
2.55		
2.56		
2.57		
2.58		
2.59		
2.60		
2.61		
2.62		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

2.63		
2.64		
2.65		
2.66		
2.67		
2.68		
2.69		
2.70		
2.71		
2.72		
2.73		
2.74		
2.75		
2.76		
2.77		
2.78		
2.79		
2.80		
2.81		
2.82		
2.83		
2.84		
2.85		
2.86		
2.87		

**Comments Template on Consultation Paper on the
Proposal for Guidelines on
Forward Looking assessment of the undertaking's own risks
(based on the ORSA principles)**

**Deadline
19 June 2013
12:00 CET**

2.88		
2.89		
2.90		