

**Comments Template on  
CP8 -Draft proposal for Guidelines on ORSA**

**Deadline  
20 January 2012  
12:00 CET**

Name of Company:	CNA Insurance Companies	
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"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ 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>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:cp008@eiopa.europa.eu">cp008@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to Consultation Paper 008.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	<p>CNA is a global insurance company that actively writes in the European Union and therefore has a strong interest in Solvency II, not only as it applies to European Union companies, but also its application to third country companies. We are generally supportive of the conclusions reached in the Consultation Paper on the Proposal for Guidelines on Own Risk and Solvency Assessment (Consultation Paper) and believe that subsequent to its issuance, ORSA as a concept under Solvency II will take on more clarity resulting in a process and reporting framework which describes in totality an organizations risk and capital management processes as well as its underpinning in setting strategy. This approach is generally consistent with that being taken by the NAIC and we hope that these similarities will be recognized as producing similar outcomes which will allow for the use of a single ORSA report in both the US and the EU. We are encouraged by EIOPA putting forth the option of filing a single group-wide ORSA and hope that</p>	

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	this option will also be extended to third country-based groups with subsidiaries in the European Union.	
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3.15.	CNA is supportive of being afforded the flexibility to develop its own processes for the ORSA, tailored to fit into its organizational structure and risk management system.	
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3.17.	This paragraph introduces the concept of an “ORSA Supervisory Report”. We believe that the introduction of a new, separate stand alone ORSA report is largely redundant to the already extensive reporting requirements outlined in Pillar III. We believe no additional external ORSA reporting requirement should be required given the other components of Pillar III under Solvency II are more than sufficient; however, if external ORSA reporting is required, one of the following two options would be preferable: 1) The internal ORSA reporting to the Board / Risk Committee	

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	be deemed sufficient for regulatory purposes, or 2) Any required external ORSA reporting be subsumed in the Regular Supervisory Report.	
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3.21.	It is unclear as to how the justification of using different recognition and valuation bases would apply to third country-based groups. In the case of an equivalent jurisdiction, CNA believes the use of the equivalent jurisdiction's recognition and valuation bases would be appropriate.	
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3.38.	CNA strongly supports the notion of filing a single group-wide ORSA report. We hope that this approach will ultimately be extended to third country-based groups in equivalent jurisdictions.	
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4.14.	This guidance is unclear and seems to implicitly suggest that an entity has a capital allocation for each risk for which it has a risk tolerance. This is not necessarily the case and may not be achievable in the real world.	
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4.40.	While we welcome additional clarity regarding the frequency of ORSA, the requirements of Guideline 11 around compliance with regulatory capital requirements in the context of ORSA needs further clarification. As written, this guidance seems to create an inconsistency between the frequency of ORSA and the requirements to continuously monitor solvency through the ORSA process.	

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Q1.		
Q2.	Please refer to responses provided under paragraph references 3.21, 4.14 and 4.40. In addition, the definition of a “solo undertaking” is not defined and therefore unclear. For example, are branches considered a “solo undertaking”?	
Q3.	We are encouraged by the similarities in approaches between the Consultation Paper and the direction the NAIC is taking and would encourage dialogue between EIOPA and the NAIC to discuss ways in which a single, group ORSA report can be used to meet these very similar requirements. Such discussions should also be entered into with the IAIS with the goal of achieving a single, group-wide ORSA to satisfy all applicable jurisdictions.	
Q4.	Please refer to response under paragraph reference 3.21 and 4.14. In general, we believe that consideration needs to be given to how the ORSA requirement will be implemented in the case of third country-based groups.	
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Q8.	Please refer to response under paragraph reference 3.15 and 3.38. CNA strongly supports movement towards the allowance of a single, group-wide ORSA.	
Q9.		