

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

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

Name of Company:	Gibraltar Insurance Association	
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>Although EIOPA clearly does not wish to provide concrete examples of how an ORSA might look, the existing guidance is vague and makes it extremely difficult to determine what might be appropriate – both internally and for regulatory reporting purposes. Who will assess whether a document meets the necessary requirements for regulatory reporting? How are companies to determine this without any clear and concise details?</p> <p>The principal of "proportionality" is referred a few times on the document. However there is not guidance on which terms this should be applied.</p>	
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4.14.	<p>Point “d” requires a description of the methods used and their validation, including dependencies and the confidence level chosen. How does that fit in with the principle of proportionality which allows “simple stress tests” and less complex methods?</p> <p>Point “g” requires the identification of differences between the undertaking’s risk profile with the assumptions underlying the calculation of the SCR. Where undertakings chose to use the standard model to calculate their SCR, how are they able to determine what assumptions underlie this compared to their own risk profile? It is totally unclear how this requirement can be met.</p>	
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4.24.	<p>Again, it is not clear how the principle of proportionality applies to this section. It appears to imply that a very simple entity needs to employ the same complex methods as a much larger one</p>	
4.25.	<p>As for 4.14 it is simply not clear how this can be done. How can any entity know what risks European actuaries have or have not considered in putting together the standard formula? The</p>	

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	standard formula does not come with a standard risk register and risk appetite on which it has been based!	
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4.46.	What does this mean? Does this mean that technical provisions (ie UEP and claims provisions) need to be calculated on a discounted cash flow basis for monthly and quarterly management accounts? Or does this refer solely to the ORSA process? If this does not refer to how the provisions are calculated, then what requirements need to be complied with?	

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4.47.	Same as above. Also, how does the actuarial function interact with proportionality? Does this mean that even the smallest firm needs a full time in-house actuary? This is a very unclear area not just relevant to the ORSA, but relevant to the actuarial function requirements as a whole.	
4.48.	As above	
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4.50.	See points on this above. The usefulness of this will depend entirely on the user-friendliness of the information that will be provided by EIOPA regarding the SCR assumptions. If this is all in "airy-fairy" consultancy and actuarial speak, smaller entities will still flounder.	
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4.52.	(b) – What does this mean? Do we simply assume that we have higher rated insurers or investments and see what SCR the standard formula calculates on that basis? (c) – How can we assess how sensitive the standard model is to the main parameters when we cannot change the main parameters (unless we are using USP's)?	
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