

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

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

Name of Company:	MARSH Captive Solutions Group (Dublin, Guernsey, Luxembourg & Malta)	
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 cp008@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper 008.</p>		
Reference	Comment	
General Comment	<p>Marsh appreciates being given the opportunity to comment on this Consultation Paper.</p> <p>We recognise that the ORSA proposals are similar in format to the previous May 2008 ORSA Paper and that much of the content of this paper is unchanged from the previous guidance given.</p> <p>We welcome the fact that there are no significant additional requirements or changes in direction in this consultation paper.</p> <p>From a captive perspective, the principle of proportionality is a key principle of Solvency II and we welcome the fact that this consultation paper reiterates this and states that the ORSA process should be tailored to fit into the organisational structure</p>	

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	and risk management system with appropriate and adequate techniques to assess its overall solvency needs taking into accounts the nature, scale and complexity of the captive business model.	
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	<p>We view the application of the Principle of Proportionality as crucial for captives under the Solvency II regime and welcome the fact that the Principle is reiterated in this ORSA paper.</p> <p>We would encourage a consistant approach by EU Regulators to the application of the Principle of Proportionality concerning the ORSA process across thel captive domiciles.</p>	
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3.18.	3.13 c) (i) See 3.24 comment	
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3.24.	<p>Although specific guidelines are not given in this paper, it is noted that undertakings are expected to perform appropriate stress testing/ scenario analyses when assessing the overall solvency needs of the undertakin.</p> <p>We believe that any stress testing/ scenario analyses for captive undertakings should only be done on a simplified basis that takes the nature, scale and complexity of the captive business model into consideration.</p> <p>Our thoughts are in line with the proposals mentioned in paragraphs 4.6 & 4.7 of this paper and would encourage a consistent approach by regulators to this matter across the captive domiciles.</p>	
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3.40.	This appears to level a different hurdle for equivalent and non equivalent domiciles which is inconsistent with the process laid out in paragraph 4.99.	
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4.6.	We welcome the reference to the Principle of Proportionality applying to the ORSA process per Article 45(2) of the Directive and note the proposal that an undertaking's assessment of its overall solvency needs does not necessarily call for the use of a complex approach and that the methods employed may range from (simple) stress tests to more or less sophisticated economic models.	
4.7.	We welcome the proposal that the proportionality principle is to be reflected in the frequency of the ORSA to be established by the undertaking.	

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4.99.	<p>(a) Ignoring the equivalence status of domicile for purposes of assessment is a pragmatic and sensible approach.</p> <p>(b) The proposed approach appears weighted in favour of non equivalent domiciles who would tend to have a lower capital requirement (which would impede trasferability of own funds) than EEA or equivalent domiciles.</p>	
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