



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:	ECIROA	
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"> ⇒ <u>Do not change the numbering</u> 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>		



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Reference	Comment	Resolution	



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General Comment	<p>We emphasize our commitment to implement Sol II recognizing that it is more sophisticated than Sol I. We advise again to consider that the more descriptive the requirements are, the less room is left to the application of the Proportionality Principle because NCAs will implement even more tough and challenging rules which may reduce the opportunity and ability to apply guidelines in an appropriate way. EIOPA should determine haircuts to avoid a competition between the NCAs with the potential consequence of a flight to arbitrage advantages by choosing the “perfect” NCA.</p> <p>Captives are simple structures and therefore there is a limited number of persons involved in their daily management as well as in their strategic decision-making processes. This is consistent with the needs and the risks inherent to their middle/long term business issues and day-to-day operations.</p> <p>Solvency II in general and Pillar 2 in particular provides captives with the opportunity to formalize and develop their organizational structure and daily operations, thus enhancing their existing controls.</p> <p>A key function, a control measure, and a report whether adressed to internal or external stakeholders, must be justified by the scale and complexity of the business. The materiality of the overall governance structure must be aligned with the materiality of the business.</p>	



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	<p><u>Comments on the ORSA for captives</u></p> <p>As per governance issues, although we understand the necessity to address risk issues in a qualitative and quantitative manner over a certain period of time, one shall preserve the possibility for captives to treat qualitative and quantitative aspects of their risks in a way that is adapted to their culture and business. This means avoiding the imposition of strong and wide requirements at an European level. Based on the principle of proportionality and the inherent major differences between the types of undertakings on the insurance and reinsurance markets (from single-risk captives to multinational and highly-diversified insurance companies), the ORSA shall cover a wide range of approaches. And questioning the relevancy of the ORSA shall focus more on the quality of the justification than on the complexity of the chosen approach. This would both encourage all undertakings to play an active role in the implementation of the Directive and enable them to define along with local regulators a coherent and flexible model whose materiality is - once again - adjusted to the materiality of their respective business.</p> <p>Guideline 3 in combination with Guideline 5-7 of CP-13-010 will allow local NCAs to accept that captives can wait with reports until the official start of Sol II because the volume of the captive business underwritten in the member countries is part of the last 20% percentile per country (looking at the size and ranking).</p>	



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Introduction General Comment		
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Section I. General Comments		
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Section II. General Comments		
1.30	Applying the Proportionality Principle, Captives should have the opportunity to explain their deviations from the strict order of Pillar 2 when they cannot comply as requested	
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Section III. General Comments		
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Section IV. General Comments		
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Compliance and		

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Reporting Rules General Comments		
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Impact Assessment – General Coments		
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Question 1		
Question 2		
Question 3		
Question 4		
Question 5		
Question 6		
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