Comments Template on EIOPA-CP EIOPA-CP-14-049 Draft proposal for Level 3 Guidance on the implementation of the long term guarantees measures		Deadline 02.Mar.2015 23:59 CET
Company name:	Insurance and Reinsurance Stakeholder Group (IRSG)	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
	Please follow the instructions for filling in the template: ⇨ Do **not** change the numbering in column "Reference". ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. ○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies. ○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself. **Please send the completed template to Consultation_Set2@eiopa.europa.eu, in MSWord Format, (our IT tool does not allow processing of any other formats).** The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-049.	
Reference	**Comment**	
General Comment	The IRSG welcomes the opportunity to comment on these guidelines on the implementation of the long-term guarantee measures. Guideline 7 is particularly of concern:	

	The guideline correctly does not require companies to take into consideration spread risk in the calculation of the risk margin. However, the guidelines states that the capital projections used to calculate the RM should be determined without taking into account the LTG measures the company uses for the SCR calculations. This guideline should be reworded such that the LTG adjustments could be considered in the calculation of the risk margin, without considering spread risk in the calculation. The guideline also assumes that the reference undertaking buying the portfolio does not apply the LTG measures previously applied by the original undertaking, even though it is much more appropriate and a logical assumption. It is important to note that the OII package was negotiated and approved based on the outcome of the LTG Assessment where LTG measures were taken into account in the RM calculation. In their own reporting requirements in Technical Provisions Templates S.17.01.b (Non-Life Technical Provisions) and S.17.03.b (Information on the Volatility Adjustment Non-Life Obligations) – EIOPA asks for the allocation of the LTG measures impact on the Risk Margin and Best Estimate – indicating they are applied to the Risk Margin calculation.	
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1.14.	The guideline correctly does not require companies to take into consideration spread risk in the calculation of the risk margin. However, the guidelines states that the capital projections used to calculate the RM should be determined without taking into account the LTG measures the company uses for the SCR calculations. This guideline should be reworded such that the LTG adjustments could be considered in the calculation of the risk margin, without considering spread risk in the calculation. The guideline also assumes that the reference undertaking buying the portfolio does not apply the LTG measures previously applied by the original undertaking, even though it is much more appropriate and a logical assumption. It is important to note that the OII package was negotiated and approved based on the outcome of the LTG Assessment where LTG measures were taken into account in the RM calculation. In their own reporting requirements in Technical Provisions Templates S.17.01.b (Non-Life Technical Provisions) and S.17.03.b (Information on the Volatility Adjustment Non-Life Obligations) – EIOPA asks for the allocation of the LTG measures impact on the Risk Margin and Best Estimate – indicating they are applied to the Risk Margin calculation.	
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