

<b>Comments Template on EIOPA-CP-14-065</b> <b>Draft proposal for Level 3 Guidance on valuation of assets and liabilities other than technical provisions</b>		<b>Deadline</b> <b>02.Mar.2015</b> <b>23:59 CET</b>
Company name:	Zurich	
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
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in column "Reference".</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below.               <ul style="list-style-type: none"> <li>○ 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.</li> <li>○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:Consultation_Set2@eiopa.europa.eu">Consultation_Set2@eiopa.europa.eu</a>, in MSWord Format, (our IT tool does not allow processing of any other formats).</b></p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-065.</p>		
Reference	Comment	
General Comment	<p>We would like to thank EIOPA for providing us with the opportunity to voice our views on its Guidelines.</p> <p>Overall, we consider the paper to be inconsistent. In particular, we find that Guideline 9 specifically references IAS 12 as the principle to apply for the SII balance sheet and yet Guideline 10 only talks about documentation (and deviates there from our understanding of the requirements of IAS 12).</p>	

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	Therefore our working assumption remains valid, that IAS 12 is the starting point (as in our MCBS process) and a documentation requirement would not impose a different recoverability assessment than IAS 12.	
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Guideline 1		
Guideline 2		
Guideline 3		
Guideline 4		
Guideline 5		
Guideline 6		
Guideline 7		

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Guideline 8		
Guideline 9	<p><b>Guideline 9:</b> This guideline states that IAS 12 defines the principles for recognition and valuation of deferred taxes. Guideline 9 goes further than IAS 12 by stating what documentation entities should provide to supervisory authorities in order to gain assurance over the recoverability of deferred tax. While we appreciate that this guideline will help supervisory authorities in their review of deferred tax under Solvency II, we would ask EIOPA to point out that supervisory authorities, in their review, should not go beyond the requirements of recoverability testing performed under IFRS.</p>	
Guideline 10	<p><b>Guideline 10:</b> This guideline is interpreting Article 15 (3). Article 15 (3) is consistent with IAS 12 criteria in assessing the probability that future taxable profit will be available i.e. IAS 12.37 (b) whether it is probable that the entity will have taxable profits before the unused tax losses or credits expire. However, guideline 10 of this consultation paper is taking a view (which is not stated in IAS 12) on the definition of 'probable taxable profits' by defining them as the profits considered for the normal planning cycle.</p> <p>It is our view and indeed a common view taken by auditors when interpreting the recoverability period of deferred taxes under IAS 12, that without specific circumstances, it is inappropriate to assume that no taxable profits are probable after a specified time period e.g. the 3 year plan cycle. Therefore, for every year until the expiry of tax losses, the calculation should include plan taxable profits that satisfy the criterion of being more probable or not.</p>	
Guideline 11		
Guideline 12		
Explanatory text Guideline 5		
Explanatory text Guideline 6/7		
Explanatory text Guideline 8		

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Explanatory text Guideline 9		
Explanatory text Guideline 10		
Explanatory text Guideline 11		
Explanatory text: Table consistency of IFRS valuation		
Technical Annex		
Annex I: Impact Assessment		