

**Comments Template on EIOPA-CP-14-062  
Draft proposal for the Advice to the European Commission  
in response to the Call for Advice on recovery plan, finance scheme  
and supervisory powers in deteriorating financial conditions**

**Deadline  
18.Feb.2015  
23:59 CET**

Company name:	GDV	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>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.</p>	Public
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not</u> introduce any change in column "Reference".</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 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-14-062.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	GDV welcomes the opportunity to comment on the Advice to the EC in response to the call for advice on recovery plan, finance scheme and supervisory powers in deteriorating financial conditions (hereafter RTS).	

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	<p>In general, it would improve oversight and transparency if the regulatory approach to reporting requirements about the recovery plan and finance scheme is clearly worded, in line with requirements stated in the Solvency II Directive, and the list of measures to be taken is well defined. In particular the requirements in Article 142 (1) of the Solvency II Directive and the proposal on the content of the recovery plan and finance scheme (on p. 8 of the consultation paper) are not consistent.</p>	
Legal background		
Recovery plan and finance scheme: analysis		
Content of the recovery plan and finance scheme (1)	<p>GDV finds it difficult to see the added value of additional reporting requirements in excess of Article 142 (1) of the Solvency II Directive. The information requests in Art. 142 (1) of the Solvency II Directive are already detailed and contain the words "at least", indicating further leeway for the supervisory authority. Thus, there is no need for a further specification on Level 2/3, especially concerning methodology, estimation, and analyses.</p> <p>When asking for information required from insurance and reinsurance undertakings, the supervisory authority should take the severity of the situation, the necessity of the information, the expected results as well as proportionality into consideration when making such requests.</p>	
Content of the recovery plan and finance scheme (2)		
Forecast balance sheet and estimates	<p>First, GDV finds it excessive for insurance and reinsurance undertakings to supply information from QRTs when supplying forecast balance sheets and estimates. In general, planning processes in insurance undertakings are not as detailed as the QRT reporting under Solvency II.</p> <p>Second, paragraph (c) should specifically specify which time horizons are considered by the supervisory authority. It is not clear what "at least" means. This gives too much leeway to the</p>	

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	supervisory authority to request many different forecasts.	
Overall reinsurance policy		
Non-compliance with both the MCR and the SCR at the same time		
Approval of the recovery plan and finance scheme		
Supervisory powers in deteriorating financial conditions:analysis	Supervisory measures should take into account in which dimension the business model of the undertakings is affected by deteriorating financial conditions. In this regard there is a difference between the most recent financial crisis starting in 2007 and the current low interest rate environment.	
Supervisory powers in deteriorating financial conditions (1)	The wording is difficult to understand and too imprecise. The phrase "...the supervisory authority shall consider taking one or more measures including the following..." leaves too much leeway to the supervisory authority and hence, additional reporting requirements are difficult to comprehend. Because Article 141 of the Solvency II Directive clearly states that "measures shall be proportionate and thus reflect the level and duration of the deterioration of the solvency position of the insurance or reinsurance undertaking concerned", GDV asks the supervisory authority to strongly justify what kind of additional reporting requirements are imposed in case of deteriorating financial conditions. Again, it is important that the supervisory authority takes into account what kind of information is necessary to assess the progress made by insurance and reinsurance undertakings.	
Supervisory powers		

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in deteriorating financial conditions (2)		
Supervisory powers in deteriorating financial conditions (3)		
Supervisory powers in deteriorating financial conditions (4)		
Supervisory powers in deteriorating financial conditions (5)		
Annex I – General Comment		
Annex I – Section 1		
Annex I – Section 2		
Annex I – Section 3		
Annex I – Section 4		
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Annex I – Section 6		