<table>
<tr><td colspan="2">Comments Template on EIOPA-CP-15-003
Discussion Paper on
Infrastructure Investments by Insurers</td><td>Deadline
26.April.2015
23:59 CET</td></tr>
<tr><td>Company name:</td><td colspan="2">Zurich Insurance Company</td></tr>
<tr><td>Disclosure of comments:</td><td>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.</td><td>Public</td></tr>
<tr><td></td><td colspan="2">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.
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The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-15-003.</td></tr>
<tr><td>Reference</td><td colspan="2">Comment</td></tr>
<tr><td>Question 1</td><td>Insurers are in a good position to provide long-term funding and, in general, holding infrastructure deb can be attractive for Zurich if it offers a suitable risk-return balance. Nevertheless, Zurich has expresse its position that policymakers should avoid artificially reducing Solvency II capital charges for infrastructure investments. As having a separate asset class for infrastructure would facilitate a politica distortion of risk weights, we are not enthusiastic about the creation of such an asset class.</td><td></td></tr>
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	The introduction Solvency II will significantly facilitate the provision of funding for infrastructure by insurers as the risk based capital requirements will make investment restrictions obsolete. In addition, the introduction of Solvency II will reduce regulatory uncertainties and enhance transparency via common accounting and capital rules. It will be important, however, that the accounting and capital rules are no watered down to create artificial incentives to invest and to take higher risks. Deviating from fair value accounting or lower risk weights for long-term assets would distort an efficient asset allocation and could lead to imbalances and uncovered losses in the future. Introducing matching adjustments or an extrapolation mechanism, for example, would only temporarily hide losses and could distort markets. Investors will only be in a position to make sound (risk-based) investment decisions and evaluate whether expected yields are proportionate to the risk if true economic and risk-based capital requirements are used. In order to support the provision of funding for infrastructure investments, policymakers should aim to secure sound macroeconomic and institutional framework conditions with predictable taxes, a high degree of contract certainty and a stable regulation. The stability of regulatory and political frameworks has a significant impact on the insurance industry because of its long-term time horizon. In addition to creating compliance burdens, each new regulatory initiative gives rise to another set of challenges with additional costs and potentially unintended consequences. Given our views, Zurich will only answer a limited number of the questions raised by EIOPA.	
Question 2		
Question 3	The liquidity of an investment, in infrastructure debt or any other asset class, is one of several important factors that need to be considered when making an investment decision. Insurance companies, especially life insurance companies, have a certain amount of illiquid liabilities by nature and are therefore able manage a certain amount of illiquidity in their asset portfolio. An insurance company's capacity to invest in illiquid assets must be determined in the context of a rigorous Asset Liability Management regime which subjects payment of it's liabilities to extreme stress scenarios in order to determine the ability to fund illiquid assets at various points in time. In summary, liquidity of infrastructure investments is relevant, but the risk can be managed within a rigorous ALM regime. Due to the fact that insurance companies have access to illiquid funding or liabilities the premium offered by investments into less liquid assets can be viewed as an opportunity for insurance	

	companies to earn additional spread without taking on additional risk.	
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Question 60	Zurich does believe an initiative to standardise contractual elements across infrastructure investments is a useful exercise due to the fact that there are many different sectors within the broader infrastructure asset class and each of these sectors have their own participants, legal regimes, regulatory regimes, forms of gov't support, taxes and economics. In addition, as markets change new financing structures will need to be developed and therefore contractual elements will need to be able to change as well to facilitate the new structures. In the end, standardised contractual language could inhibit development of the markets and financing of infrastructure. One may consider trying to standardise wording around PPP type transactions, as currently each country has a different framework, but again we believe this will be a difficult task since the frameworks are closely intertwined with how local and national governments deliver basic services. In the end, if an investor wants to invest in this asset class they need to develop the required expertise to navigate the particulars of each country and sector.	