

Comments Template on EIOPA-CP-14-046 Consultation Paper on the proposal for Guidelines on the extension of the recovery period in exceptional adverse situations		Deadline 02.Mar.2015 23:59 CET
Company name:	GDV	
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"> ⇒ <u>Do not change the numbering</u> in column "Reference". ⇒ 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>. ⇒ 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"> ○ 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. <p>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).</p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-046.</p>		
Reference	Comment	
General Comment	GDV welcomes the opportunity to comment on the proposal for guidelines on the extension of the recovery period in exceptional adverse situations. In its decision on the duration of the extension of the recovery period (guideline 2) the supervisory authority should take into account the economic circumstances for insurance undertakings. A "restrictive" approach could not only lead to unintended adverse economic consequences for	

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	<p>insurance undertakings but also goes beyond Article 138 (4) of the Solvency II Directive. One goal of the guidelines on the extension of the recovery period in exceptional adverse situations is the minimization of pro-cyclical effects which, however, will be enhanced by short durations of possible extensions and several extensions of extensions. Therefore, GDV asks for a "reasonable approach".</p> <p>In general, guidelines that repeat the Solvency II Directive (guidelines 3 and 5) or go beyond the Solvency II Directive (guideline 2) should be deleted or confined, respectively.</p> <p>Furthermore, explanatory texts are non-binding explanations and clarifications. This is why they are not and have not been part of the consultations. This should be clarified by EIOPA.</p>	
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1.15.	<p>An extension of the recovery period could only be granted in exceptional adverse situations that exist -according to Art. 138 (4) Solvency II-Directive- where "a significant share of the market or the affected lines of business are seriously or adversely affected." A "restrictive" approach to deciding on</p>	

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	<p>the duration of the extension could not only lead to unintended adverse economic consequences for insurance undertakings that intend to comply with the solvency capital requirement despite exceptionally adverse situations, but also goes beyond Article 138 (4) of the Solvency II Directive. One goal of the guidelines on the extension of the recovery period in exceptional adverse situations is the minimization of pro-cyclical effects which, however, will be enhanced by short durations of possible extensions and several extensions of extensions.</p> <p>GDV asks for a "reasonable" approach to deciding on the duration of the extension of the recovery period taking into account the economic situation at hand of the insurance undertakings.</p>	
1.16.	Guideline 3 should be deleted as it is already covered by Article 138 of the Solvency II Directive.	
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1.18.	Guideline 5 should be deleted as it is already covered by Article 138 of the Solvency II Directive.	
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Comments Template on EIOPA-CP-14-046 Consultation Paper on the proposal for Guidelines on the extension of the recovery period in exceptional adverse situations		Deadline 02.Mar.2015 23:59 CET
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