



Comments Template on EIOPA-CP 03-11 EIOPA Draft Report - Equivalence assessment of the Swiss supervisory system in relation to articles 172, 227 and 260 of the Solvency II Directive		Deadline 23.09.2011 17.30 CET
Name of Company:	ECIROA	
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 should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the 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/subparagraphs, please indicate this in the comment itself. <p>Please send the completed template, in Word Format, to equivalence@eiopa.europa.eu . Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper No. 03 (EIOPA-CP-03-11).</p>		

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Reference	Comment	
General Comment	<p>ECIROA welcomes the opportunity to comment on this Consultation Paper.</p> <p>For more information please visit our website on www.eciroa.org</p> <p>It is important to recognise the particular nature of captive companies which differ from commercial insurance and reinsurance undertakings in that:-</p> <ol style="list-style-type: none"> 1. They write a restricted number of lines of insurance business (e.g. property damage & liability) and normally issue a small number of policies (e.g. global programmes with only one policy per insurance class); 2. They insure or reinsure a restricted number of risk units (e.g. sites, premises, vehicles); 3. They have a restricted number of insureds / clients; 4. They often outsource up to 100% of their administration to other professional companies. This outsourcing is done to ensure that a broader and more appropriate level of expertise is brought to bear on the company's activities, if needed; 5. The purpose of the captive is to add flexibility to the tools available to the group risk manager in managing and mitigating the risk of the parent group in a cost efficient manner. <p><i>Please note that where a comment has not been made on a particular paragraph, this does not indicate that we agree with the paragraph.</i></p>	
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28.	The Solvency II Directive requires insurance and reinsurance undertakings to have in place an effective internal control system which shall include a compliance function and an internal audit function. In accordance with the Principle of Proportionality, these functions can be carried out by a member of the Captive Board. The administration of these functions can be carried out either by using the compliance function of their parent or group company or by outsourcing this function to a company which has appropriate and relevant experience. This is also the case for the internal audit function. The responsibility for internal control remains with the Board of the Captive.	
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39.	Where captives are insuring only the risks of their parent or group company (and where there are no third party insureds), a proportionate approach should be applied to public disclosure requirements. The Policyholder (parent or group company) and the Supervisor has full access to all information. Publication of detailed information can be harmful where captives are underwriting a limited number of policies and claims reserves are therefore easily identifiable by claimants (which is not the case for larger Insurers underwriting a wide spread of insurance business).	
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257.	We find that the comments of the EIOPA comparing the 99,5% SII VaR to the 97,5% Swiss VaR not totally comparable because under SII one compares the 99,5 VaR of a max scenario per event to a 97,5% VaR of an annual limit.	
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