

**Comments Template on Consultation Paper on the  
Proposal for Guidelines on  
Forward Looking assessment of the undertaking's own risks  
(based on the ORSA principles)**

**Deadline  
19 June 2013  
12:00 CET**

Name of Company:	FEE	
Disclosure of comments:	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"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</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 numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-13-009@eiopa.europa.eu">CP-13-009@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to this Consultation Paper, the numbering of cells refers to the Technical Annexes II and III.</p>		
<b>Reference</b>	<b>Comment</b>	<b>Resolution</b>
<b>General Comment</b>	FEE welcomes the publication of this paper and EIOPA's attempts to encourage convergence among NCAs in the area of the ORSA. Because some member states have already made progress on implementing ORSA-style requirements (each with their own national legislation), the achieving of convergence on ORSA across the EU is going to be a challenge. This is especially true as the requirement proposed in the preparatory are very similar to those included in the respective level 3 text, so we wonder if in a preparatory phase some reliefs seem to be adequate, e.g. concerning	

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	those requirements which depend on the existence of pillar 1 rules (i.e. forward looking assessment of own risks and the fulfilment of the requirements on the Solvency II technical provisions).	
<b>Introduction General Comment</b>		
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<b>Section I. General Comments</b>		
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1.26	The requirement, that national competent authorities should ensure that insurance and reinsurance undertakings are included in a way, that at least 80 % of the national market share should be represented is imprecise. It does not become clear, how it has to be decided from the perspective of a (small or mid-size) single undertaking if it is within or out of the 80 %-threshold. So, in order to clarify the scope there should be criteria, how it has to be defined. In addition for life insurers it is not specified which accounting basis should be applied for the calculation of technical provisions when determining the market share of an undertaking. As regards the timing we believe that a clause like the one for the submission of information to NCAs (timing being subject to review if Omnibus II is not approved in October and Solvency II is further delayed) is also needed in relation to the part of ORSA requirements relating to compliance with SII regulatory capital requirements and calculation of technical provisions.	
1.27	As regards the timing we believe that a clause like the one for the submission of information to NCAs (timing being subject to review if Omnibus II is not approved in October and Solvency II is further delayed) is also needed in relation to the part of	

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	ORSA requirements relating to compliance with SII regulatory capital requirements and calculation of technical provisions.	
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<b>Section II. General Comments</b>		
1.30	We consider that some smaller or less complex firms will use the principle of proportionality. So, the continued lack of guidance on the issue of proportionality leaves open the risk potential of national divergence in this area if some national competent authorities take a "softer" or "harder" position.	
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1.36	It does not become completely clear to us when the two week window for submission of the ORSA report begins as this depends of what is understood by « after concluding the assessment » . This might be when the draft report is going to the board but also when the board is challenging it ; so, more guidance on this is needed	
<b>Section III. General Comments</b>		
1.37	As regards valuation it seems to be required to use Solvency II bases (as in case of using alternative valuation bases the undertaking has to explain why this fits the risk profile better). This seems to be difficult/impossible if the pillar 1 rules will still not exist.	

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	In any case the question remains if the Solvency II valuation as basis of the calculation of the overall solvency needs will be required for all undertakings in the preparatory phase or only for those which are within the 80 % market share. In other words : Will there be any simplifications/short cuts for undertakings out of the 80 % threshold which only have to calculate the overall solvency needs ?	
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1.42	Performing an assessment of continuous compliance with the capital standards is a risk that this may draw the focus of the forward-looking assessment of their own risks, away from risk management	
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<b>Section IV. General Comments</b>		
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<b>Compliance and Reporting Rules General Comments</b>		
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<b>Impact Assessment – General Coments</b>		
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2.33	It will be difficult for companies to adapt their forward-looking assessment of their own risks by taking into account of multiple regulatory capital bases.	
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Question 1		
Question 2		
Question 3		
Question 4		
Question 5		
Question 6		
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2.71	The requirement that internal model companies perform the "forward-looking assessment of the undertaking's own risks" using both their internal model and a standard formula approach is cumbersome, and will lead to significantly more work for these companies.	
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