Comments Template on EIOPA-CP-14-065 Draft proposal for Level 3 Guidance on valuation of assets and liabilities other than technical provisions		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
	Please follow the instructions for filling in the template: ⇨ <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. ○ 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. **Please send the completed template to Consultation_Set2@eiopa.europa.eu, <u>in MSWord Format</u>, (our IT tool does not allow processing of any other formats).** The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-065.	
Reference	**Comment**	
General Comment	GDV welcomes the opportunity to comment on the proposal for guidelines on valuation of assets and liabilities other than technical provisions. We have serious concerns that EIOPA continues to only accept valuation methods according to IAS/ IFRS. This is a clear contradiction with the outcome of the discussions on the Delegated Acts. Article 9 (4) and 10 of the Delegated Acts consider that for the valuation under Solvency II, accounting	

	values that have not been determined in accordance with IFRS could be used under specific conditions. The guidelines must be reflective of the provisions of these articles. 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.	
1.1.		
1.2.		
1.3.		
1.4.		
1.5.		
1.6.	The possibility that alternative valuation methods determined according to local GAAP might also be used under specific conditions, should be included in the introduction. There are only references to IFRS or adjustments to IFRS .	
1.7.		
1.8.		
1.9.		
1.10.		
1.11.		
1.12.		
1.13.		
1.14.		
1.15.		
Guideline 1		
Guideline 2		
Guideline 3	Guideline 3 reduces the number of alternative valuation methods to three methods. These should not	

	be considered an exhaustive list. This should be reflected in the guideline.	
Guideline 4		
Guideline 5		
Guideline 6		
Guideline 7		
Guideline 8	Guideline 8 requires that all contingent liabilities should be recognized. According to Article 11 of the Delegated Acts, however, contingent liabilities shall be recognized only if they are material. This should be reflected in the Guideline.	
Guideline 9		
Guideline 10		
Guideline 11		
Guideline 12	Article 9 (4) of the Delegated Acts states that by way of derogation from using IAS/ IFRS for valuing assets and liabilities, under specific conditions undertakings may recognize an asset or liability based on the valuation method the undertaking uses according to local GAAP. Guideline 12 requires undertakings that intend to apply this derogation to use the comparison table in Annex I as a reference. The comparison table, however, suggests that only the IAS/ IFRS and their valuation methods are consistent with Article 75 of the Solvency II Directive. This leads to a situation that an undertaking that intends to use the derogation of Article 9 (4) of the Delegated Acts, finally ends up being required to resort to IAS/ IFRS valuation methods. This is a clear contradiction with Article 9 (4) of the Delegated Acts and should thus be deleted.	
Explanatory text Guideline 5		
Explanatory text Guideline 6/7		
Explanatory text	According to this text of the guideline, it is required that an undertaking needs to consider the risk	

Guideline 8	that the actual cash outflows might differ from those expected. However, the guidelines are only about valuation. The risk that the actual cashflows differ from those expected is reflected in the solvency capital requirement and not within the valuation of those items. Thus, this sentence should be deleted.	
Explanatory text Guideline 9		
Explanatory text Guideline 10		
Explanatory text Guideline 11		
Explanatory text: Table consistency of IFRS valuation		
Technical Annex	The purpose of the table in the Technical Annex is not clear in the context of the document. One critical interpretation of the table is that it makes the valuation method used under Solvency II contingent to the exercise of certain Member State ("MS") options laid down in the (Directive 2013/34/EU). According to that interpretation it can be understood that the derogation of Article 9 (4) of the Delegated Acts can only be used if certain MS options laid down in the Accounting Directive are exercised by the respective Member State (MS). The option that an undertaking can apply the derogation of Article 9 (4) of the Delegated Acts is thus heavily restricted by the EIOPA Guidelines. To give an example: MS Option of Article 8 (6) of the Accounting Directive states that a MS may permit or require the recognition, measurement and disclosure of financial instruments in conformity with IFRS. If that MS option is not exercised, according to the interpretation above, an undertaking with its head office in that MS cannot apply the derogation of Article 9 (4) of the Delegated Acts for valuing financial instruments. If this critical interpretation is true, the EIOPA Guidelines are not in line with Article 9 (4) of the Delegated Acts and cannot be accepted. The complete table must be deleted.	

	In case the table in the Technical Annex is kept, it must be clarified that the table is only relevant for undertakings in Member States, in which the respective Member State option of the Accounting Directive is exercised. To achieve that, Guideline 12 should be amended as follows: *Undertakings applying the derogation in Article 9 (4) of the Implementing Measures should use these Guidelines as a reference when determining whether its valuations are consistent with Article 75 of Solvency II. In case Member State options of the Accounting Directive (Directive 2013/34/EU), which are listed in the Technical Annex I of these Guidelines below, are exercised by the respective Member State, undertakings in those Member States should use ~~and~~ the comparison table in Technical Annex 1. ~~as a reference when determining whether its valuations are consistent with Article 75 of Solvency II.~~ Undertakings that are within the scope of consolidation of a group preparing consolidated financial statement under IFRSs should not apply the derogation in Article 9 (4) of the Implementing Measures.*	
Annex I: Impact Assessment		