

**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:	International Underwriting Association of London (IUA)	
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"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ 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>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-13-009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</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>		
Reference	Comment	Resolution
General Comment	We support the introduction of an interim form of the ORSA, pending the full implementation of Solvency II. We believe that it will provide a useful instrument for good management of firms and their risks. However, pending the full implementation of Solvency II, a substantial degree of flexibility should be allowed to NCAs in how the ORSA is implemented and to firms by the NCAs in how and when it is prepared and applied internally. The draft guidelines appear to us to be too granular. The requirements should not be prescriptive or highly detailed and, in particular, Pillar I	

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	<p>data should not be required, partly because it is currently not available and partly because it would be disproportionate in use of time and resources to attempt to phase it in before full implementation of Solvency II. Moreover, the supporting structure of implementing measures intended for the Solvency II regime does not yet exist, so any interim guidelines can only have any legal force if they remain high level. While proposing a considerable degree of latitude in application, we are not suggesting, however, that the ORSA should not be developed as a genuinely effective instrument in each jurisdiction or that NCAs should allow the development of national variations that will remain once Solvency II is fully implemented. The objective should rather be an independent and phased -in implementation, but in the same direction. We also believe that the ORSA must remain an internal company instrument which is owned by the company, so regulatory requirements as to its form and content should, in any case, never be excessively prescriptive or granular.</p> <p>We also believe that the application to groups needs to be clarified, since different member states will apply different rules and there is no current authority to extend regulatory requirements to branches, subsidiaries and parents outside the EEA.</p>	
Introduction General Comment		
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1.10	It is not yet possible for Pillar 1 calculations to be made and, in any case, we do not believe that they should be applied to any interim ORSA before Solvency II comes fully into effect. Please see our General Comments.	
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1.17	The application to groups is not feasible without much clarification and it is difficult to see how it could work in relation to subsidiaries, branches and parents outside the EEA.	
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1.20	In our view, a group approach to the forward-looking assessment will be necessary, but much clarification about the application of requirements to groups would be required.	
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Section I. General Comments	In this context quantitative information could only be provided on an approximate basis.	
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1.27	While the double requirement could be justified on an informal basis in the run-up to full implementation of Solvency II, it appears excessive on an ongoing basis.	
1.28	It is not appropriate that companies developing their internal model should also be expected to calculate the standard formula at this stage. We believe that NCAs should seek a less onerous alternative or a simple best estimate.	
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Section II. General Comments	More guidance about the application of proportionality is needed to clarify what is intended and assist compliance.	
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1.33	This requirement appears overly prescriptive. It would appear better to require specified outcomes rather than lay down how they should be achieved.	
1.34	We believe that the firm should evaluate for itself what data it requires to prepare its assessment. Pending the full implementation of Solvency II, NCAs should not require higher standards and granularity of evidence and data than a firm actually needs to prepare its assessment. Moreover, firms may rightly not wish to engage in constant in-depth re-evaluation of strategy.	
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1.36	The production of the ORSA as a company-owned management tool should not be subject to prescriptive rules.	
Section III. General Comments		
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1.39	We suggest that it needs to be made clearer that quantification would be derived from the qualitative evidence and it is also not clear how that should be achieved.	
1.40	We suggest that it needs to be made clear that the NCA would not require exhaustive scenario testing, but only as much as would be strictly necessary.	
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1.42	The proposed approach would require the use of Pillar I data which is not yet available. We do not believe, in any case, that the Pillar I data should be used in the way suggested until Solvency II comes fully into effect.	
1.43	The proposed approach would require the use of Pillar I data which is not yet available. We do not believe, in any case, that the Pillar I data should be used in the way suggested until Solvency II comes fully into effect.	
1.44	The proposed approach would require the use of Pillar I data which is not yet available. We do not believe, in any case, that the Pillar I data should be used in the way suggested until Solvency II comes fully into effect.	
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Section IV. General Comments		
1.47	It is not clear to us how the relevant entities would be defined and identified prior to the full implementation of Solvency II.	
1.48	Please see our answer to 1.47.	
1.49	We do not believe that the proposed requirement is feasible prior to the full introduction of Solvency II, unless on a best-estimate basis.	
1.50	The requirement should not apply to groups before implementation of Solvency II.	

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1.51	Where there is already group supervision, a single ORSA should be permitted.	
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1.53	It is not clear to us whether equivalence rules may apply in the interim period and if so, what that would imply capital assessment.	
Compliance and Reporting Rules General Comments		
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Impact Assessment – General Comments		
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Question 1		
Question 2		
Question 3		
Question 4		
Question 5		
Question 6		
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