

**Comments Template on EIOPA-XX-16-XXX
Discussion Paper on Potential harmonisation of recovery and resolution
frameworks for insurers**

**Deadline
28.02.2017
23:59 CET**

Name of company:	Frankfurter Leben Holding Gmbh & Co KG	
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<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"; 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-16-009@eiopa.europa.eu, by 28 February 2017.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions correspond with the questions included in the Discussion Paper on Potential harmonisation of recovery and resolution frameworks for insurers.</p>		
Reference	Comment	
General comment		
Q1		
Q2		
Q3		

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Q4

Q5

Q6

We believe, that it is important that the exercise of the recovery and resolution powers should be proportionate to the nature, scale and complexity of the situation and/or insurer and, furthermore, be subject to an assessment whether it is in the interest of the public. Generally speaking we believe that there should be a differentiation according to three simple parameters: First, Life or Non-Life business, second, short-term versus long-term business, third business being in Run-off versus continuing to write new business . The logic behind this is simple:

- The future is by definition uncertain. The longer the time horizon the bigger the potential uncertainty.
- The longer the time horizon the bigger the uncertainty regarding any explicit or implicit guarantees.
- A Run-off business is by definition less risky than a business continuing to write new business for two principal reasons:
 - The business is finite: With time evolving the uncertainty regarding the inherent risks decreases
 - No new risks (known or unknown) are added
- The longer the time horizon the more difficult it is for an individual to evaluate and make informed decisions on the viability of a given provider.
- Consequently the risk for an individual making an ill informed decision rises with the longevity of the business and continuous new business written.

We therefore believe, that at each stage of the recovery and resolution framework this differentiation should be made and serve as a guiding principle determining the appropriateness of the powers and tools. Principally we think the following should hold true:

- The higher the uncertainty, i.e. long business and writing new business, the higher the financial stability (measured for example in solvency II ratio without transitional) should be.

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Q7	Yes, we agree. As pointed out in the paper the lesson from the banking industry as well as the insurance industry is, that the early a potential crisis is detected and dealt with, the better the outcome for the policyholders and all other stakeholders. If an early intervention is missed, resolution and liquidation will in most cases be unavoidable with the consequences to be borne by the policyholders and all other stakeholders. In this case a privately funded solution will most likely not be possible anymore, a state or industry solution will therefore need to bear the costs.	
Q8	The conditions mentioned in Q6. Specifically companies with more risky business (long-term) which are financially very stable should benefit from simplified obligations	
Q9	Following the logic laid out in Q 6 businesses in Run-off who have only short term business. Typically these would be predominantly non-life businesses.	
Q10	Following the logic laid out above the companies which are not exempted or have simplified obligations need to lay out, what measures they will implement short-term to justify writing new business and especially long-term business. The plan should encompass the precise steps, which lead to a sufficient financial stability.	
Q11		
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Q16		
Q17		
Q18	Yes, we believe this is appropriate.	
Q19	As laid out above we are not in favour of a mechanistic approach, but the supervisory judgement and discretion should be maintained. We believe strongly however, that early intervention, for example temporary abolition of long-term new business, should be forcefully addressed if doubts on the financial stability exists.	

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