

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:	Insurance Association of Cyprus	
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	1.We believe it is not legally sound to require insurance companies to comply with guidelines which are not in line with current national legal framemworks. In Cyprus the existing insurance regulatory framework (Solvency 1) is significantly different from Solvency II,and in fact the national law transposing Solvency II would result to a complete new legal framework. Introducing a major part of Solvency II via EIOPA's Guidelines necessitates a major overhaul of the existing	

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	<p>regulatory framework. This will prove an extremely burdensome, complicated and lengthy legal process which will result in defocusing the industry from the implementation of a phase-in approach to the legal process for amending the laws.</p> <p>We favour a voluntary approach during this preparatory phase, with supervisory authorities seeking a commitment from the insurance industry to comply with guidelines .If this would not be the case then it is most important that sufficient time is allowed for the necessary amendments to the law to accommodate the guidelines.</p> <p>3. We do not support a requirement for undertakings to also comply with the contents of relevant draft Level 2 text. Clarification is requested on whether undertakings will, apart from the guidelines, also have to comply with the contents of the relevant Level 1 and Level 2 text.</p> <p>4. We do not support any requirements in the guidelines that require Solvency II pillar 1 calculations for the carrying out of ORSA. This would be too burdensome and not appropriate for a preparatory stage, during which Solvency I calculations should be accepted. Solvency II pillar 1 should only apply when Solvency II is introduced in 2016.</p> <p>5. We do not support the requirement that an ORSA report be submitted to supervisors by the end of 2014. Firstly, we expect that many of the elements necessary to underpin the performance of the ORSA (such as risk management system/policy/function) will not be in place before the end of 2014. Secondly, the guidelines are too far reaching and detailed concerning the Supervisory Report to be submitted on ORSA, which we believe is not warranted at this preparatory stage. Thirdly, reporting by undertakings is generally envisaged for 2015 and we don't believe ORSA should be an exception.</p> <p>6. There are cases where the Guidelines and/or the explanatory text go further than what is required in the relevant Solvency II articles. EIOPA should ensure that this is avoided and also that the content of the Guidelines and the explanatory text are fully consistent with SII. An explicit clarification on the status of the explanatory text would be welcomed.</p>	

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	<p>7. We consider that it would be very beneficial if EIOPA requests national supervisors to engage in a dialogue with insurers in their respective markets with an aim to agree on a clear timetable concerning what they concretely expect from undertakings to have in place at different stages during the preparatory stage until 2016.</p> <p>The clarity and certainty that this would create for insurers would be invaluable.</p>	
Introduction General Comment		
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Section I. General Comments	We do not support the requirements that ask for Solvency II pillar 1 calculations. This would be too burdensome and not appropriate for the preparatory stage. Solvency II pillar 1 should only apply when Solvency II is introduced in 2016.	
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1.26	<p>In (small) markets such as Cyprus where only a few insurers possess the big majority of the market share while a large number of others share the remaining, the 80% threshold will include very small insurers. Imposing the full ORSA requirements on such undertakings would impose a huge and disproportional burden on them.</p> <p>We suggest introducing exceptions to the 80% rule where undertakings falling within the threshold are below a certain absolute size.</p>	
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Section II. General Comments		
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1.34	<p>While the guideline requires appropriate evidencing and internal documentation of the ORSA and its outcomes, the explanatory text elaborates by outlining in substantial detail 12 elements that the record must contain. The language used in the explanatory text appears more prescriptive than simply illustrative.</p> <p>EIOPA should ensure that the explanatory text should be precisely and strictly an explanatory text, and should not expand the requirements of the guidelines.</p>	
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1.36	<p>We believe that the 2-week deadline is too short, especially during the preparatory stage. We consider that a period of at least 4 weeks would be appropriate.</p> <p>In line with our general comments, we do not support the requirement that an ORSA report be submitted to supervisors by the end of 2014.</p> <p>We do not support the requirements that ask for Solvency II pillar 1 calculations.</p>	
Section III. General Comments	<p>We do not support the requirements that ask for Solvency II pillar 1 calculations. This would be too burdensome and not appropriate for the preparatory stage. Solvency II pillar 1 should only apply when Solvency II is introduced in 2016.</p>	
1.37	<p>We propose to delete this Guideline, as it effectively requires all undertakings to carry out</p>	

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	Solvency II pillar 1 calculations. Solvency II pillar 1 should only apply when Solvency II is introduced in 2016.	
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1.41	Long term projections according to business plan can carry substantial burden. We consider therefore that in the case of small undertakings it should be possible to undertake the assessment with a 1-year time horizon.	
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1.44	We do not support the requirements that ask for Solvency II pillar 1 calculations.	
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Section IV. General Comments		
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Compliance and Reporting Rules General Comments		
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Impact Assessment – General Coments		
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Question 1		
Question 2		
Question 3		
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