

**Comments Template on
Discussion Paper on the review of specific items in the Solvency II
Delegated Regulation**

**Deadline
3 March 2017
23:59 CET**

Name of Company:	Christian Irgens	
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, <u>in Word Format</u>, to CP-16-008@eiopa.europa.eu</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to the discussion paper on the review of specific items in the Solvency II Delegated Regulation.</p>		
Reference	Comment	
General Comment	<ol style="list-style-type: none"> 1. The model and reporting requirements should be simplified. Companies should be allowed to apply any simplification that results in a higher SCR. 2. Eiopa should publish tools to perform the calculations. The models should be simplified to fit a spreadsheet. Better vaguely right than precisely wrong! 3. Life and non-life should be split in the "literature", reporting templates and tools. 	Public
Q1.1		
Q1.2		

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Q1.3	EIOPA should be able to calculate the effect of geographical diversification based on the 31.12.2016 QRTs (and the previous reporting)	Public
Q1.4	Skip the geographical diversification (that mainly affect multinational companies with internal models and the MAT lob where the effect is questionable).	Public
Q1.5		
Q1.6	Most of the lapse risk is created by the Solvency II premium provision (as this introduce the deduction of expected profit in future premium). The best adjustment would be to define the premium provision equal to the unearned premium and skip the lapse risk. Alternatively the definition of contract boundaries should be simplified (for instance including 6 months premium)	Public
Q1.7		
Q1.8		
Q1.9		
Q1.10		
Q1.11		
Q1.12		
Q1.13		
Q1.14		
Q1.15		
Q1.16		
Q1.17		
Q1.18		
Q1.19		
Q1.20		
Q1.21		
Q1.22		
Q1.23	Non-life insurers should have different (simpler) templates for market risk input and output. As	Public

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	the liabilities are not affected by market shocks – input should be limited to the pre-shock value of the assets.	
Q1.24		
Q1.25		
Q1.26	Companies should be allowed to apply any simplification that will result in a higher SCR.	Public
Q2.1	In terms of reinsurance credit risk the CAT scenarios, the probability of default and loss given default and correlation between reinsurer losses are more important than the source of the rating.	Public
Q2.2		
Q2.3		
Q2.4		
Q2.5		
Q2.6		
Q2.7		
Q2.8		
Q2.9		
Q2.10		
Q3.1		
Q3.2		
Q3.3		
Q3.4		
Q3.5		
Q3.6		
Q3.7		
Q3.8		
Q3.9		

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Q3.10		
Q3.11		
Q3.12		
Q4.1		
Q4.2		
Q5.1	<p>A moderate share of long-term (2-4 year) policies should not increase SCR and the regulation should encourage substance over form.</p> <p>Example 1 (substance/form): A 12 month policy on a customer you have insured the past 20 years is more likely to be renewed (at market premium) than a 12+12 month policy with a new client.</p> <p>Example 2 (value of long term contracts): Having a mix of long term and short-term contracts reduce the effect of premium cycles (as parts of the portfolio is written in a different year).</p> <p>Example 3: Many long term contracts have performance clauses that make them respond to claims in a similar way that an ordinary renewal would.</p> <p>The freedom to re-rate a policy is somewhat over-rated as competition decides the premium.</p>	Public
Q5.2	<p>Skip the FP part of the volume measure ref. Q5.1. and Q5.4.</p> <p>Better, vaguely right than precisely wrong!</p>	Public
Q5.3	EIOPA can easily calculate the effect of FP(existing,s)+FP(future,s)	Public
Q5.4	The « quality » of the premium is more important than the Future Premium issue in 5.1-5.2. The issue could easily be addressed by adjusting the premium with the expected loss ratio (which is also needed for premium provision calculations) .	Public
Q5.5		
Q5.6		

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Q6.1	The 31.12.2016 QRTs could easily be used to recalibrate the reserve risk and with slightly more data, the premium risk could also be recalibrated on this basis.	Public
Q7.1	Companies should be allowed to simplify the input if this results in a higher requirement (for instance: if you have a small market share in a country you could place all your exposure in a high risk zone in that country)	Public
Q7.2		
Q7.3		
Q7.4		
Q7.5		
Q7.6		
Q7.7		
Q7.8	The model should be extended to the rest of the world . EIOPA should provide tools to convert coordinates and adresses into cresta zones (like https://www.cresta.org)	Public
Q7.9		
Q7.10		
Q7.11		
Q7.12		
Q7.13		
Q8.1		
Q8.2	No problem to define the Marine Scenarios.	Public
Q8.3		
Q8.4	Should be extended to onshore marine.	Public
Q8.5		
Q8.6		

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Q8.7		
Q8.8	Picking the worst net CAT would significantly reduce the calculated reinsurance credit risk. The best approach would be to explicitly include reinsurance credit risk in the CAT scenario model and pick the scenario that gives the highest capital requirement.	Public
Q8.9		
Q8.10		
Q8.11		
Q8.12		
Q9.1		
Q9.2		
Q9.3		
Q9.4		
Q9.5		
Q10.1		
Q10.2		
Q10.3		
Q10.4		
Q10.5		
Q10.6		
Q10.7		
Q10.8		
Q10.9		
Q10.10		
Q11.1		
Q11.2		
Q11.3		

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Q11.4		
Q11.5	Adjustment for non-prop reinsurance should be part of the (non-USP) standard model. The USP adjustment is straightforward and easily auditable.	Public
Q11.6		
Q11.7		
Q11.8		
Q11.9		
Q12.1	It is unclear how un-due premium receivables should be handled in terms of counterparty credit risk.	Public
Q12.2		
Q12.3		
Q12.4	The counterparty default model requires a lot of input to generate modest output (i.e. low contribution to SCR). Losses related to CAT events are most important and are poorly modelled (in the simplified model). Solution: Move the CAT related credit risk explicitly to the various CAT scenarios and apply an « average rating approach » to the reinsurance share of the technical provisions.	Public
Q12.5		
Q12.6		
Q12.7		
Q13.1		
Q13.2		
Q13.3		
Q13.4		
Q13.5		
Q13.6		
Q14.1		
Q14.2		

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Q14.3		
Q14.4		
Q14.5		
Q14.6		
Q14.7		
Q14.8		
Q14.9		
Q14.10		
Q14.11		
Q14.12		
Q15.1		
Q15.2		
Q15.3		
Q15.4	15.1-15.4 Are not only relevant for groups, but for all insurers with premium in other currencies than the reporting currency and a wish to invest own funds in these currencies.	Public
Q16.1		
Q16.2		
Q16.3	No benefit. The undertakings should be assumed to performed the look-through they need (under Pillar 2) – and EIOPA have no use for the look-through info.	Public
Q16.4	No impact.	Public
Q16.5		
Q16.6		
Q16.7		
Q16.8		
Q16.9	No added value in reporting S06.03	Public
Q17.1		

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Q17.2		
Q17.3		
Q17.4		
Q17.5		
Q17.6		
Q17.7		
Q17.8		
Q17.9		
Q17.10		
Q17.11		
Q17.12		
Q17.13		
Q17.14		
Q17.15		
Q17.16		
Q18.1		
Q18.2		
Q18.3		
Q18.4		
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Q18.9		
Q18.10		
Q18.11		

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Q18.12		
Q18.13		
Q18.14		
Q18.15		
Q18.16		
Q19.1		
Q19.2		
Q19.3		
Q19.4	The Risk Margin should be calculated as a percentage of the technical provisions and/or the UW risk SCR (for instance the maximum of a certain percent of the provisions and another percent of the UW risk SCR). The current approach is not likely to reflect a market value of the provisions and a simpler approach is therefore justifiable.	Public
Q20.1		
Q20.2		
Q20.3		
Q20.4		
Q20.5		
Q20.6		
Q20.7		
Q20.8		
Q20.9		
Q21.1		
Q21.2		
Q21.3		
Q21.4		
Q21.5		

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Q21.6		
Q21.7		