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:	CFO Forum and CRO Forum	
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: ⇨ Do **not** change the numbering in column "Reference". ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph, keep the row empty. ⇨ 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, in MSWord Format, (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		
1.1.		
1.2.		
1.3.		
1.4.		

	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
1.5.		
1.6.		
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 4	1. Guideline 4 (Investment property and property, plant and equipment: documentation of the valuation) states the following: *"Where undertakings use a valuation not carried out at the reporting date, they should be able to provide their supervisory authority with:* *a) details of the adjustments made to reflect changes between the valuation date and reporting date; or* *b) robust information supporting the assertion that the value at the valuation date and reporting date would not be materially different."* We suggest that this guideline make reference to materiality and proportionality. Plant and equipment of insurance companies mostly represents small assets such as computers, printers, desks, chairs etc. As such, the guidance is not pragmatic or proportionate for such small assets.	
Guideline 5		
Guideline 6		
Guideline 7		

	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
Guideline 8		
Guideline 9		
Guideline 10	1. Guideline 9 states (in the explanatory text) that IAS 12 defines the principles for recognition and valuation of deferred taxes. However, Guideline 10 goes further than IAS 12 by stating what documentation entities should provide to supervisory authorities in order to gain assurance over the recoverability of deferred tax. While we appreciate that this Guideline will help supervisory authorities in their review of deferred tax under Solvency II, the resubmission of evidence is an additional burden when the evidence described is already a requisite of IFRS reporting. 2. This guideline is interpreting Article 15 (3). Article 15 (3) is consistent with IAS 12 criteria in assessing the probability that future taxable profit will be available i.e. IAS 12.37 (b) whether it is probable that the entity will have taxable profits before the unused tax losses or credits expire. However, guideline 10 of this consultation paper is taking a view (which is not stated in IAS 12) on the definition of 'probable taxable profits' by defining them as the profits considered for the normal planning cycle. It is our view and indeed a common view taken by auditors when interpreting the recoverability period of deferred taxes under IAS 12, that without specific circumstances, it is inappropriate to assume that no taxable profits are probable after a specified time period e.g. the 3 year plan cycle. Therefore, for every year until the expiry of tax losses, the calculation should include plan taxable profits that satisfy the criterion of being more probable or not. Overall, we consider the paper to be inconsistent. In particular, we find that Guideline 9 specifically references IAS 12 as the principle to apply for the SII balance sheet and yet Guideline 10 only talks about documentation (and deviates there from our understanding of the requirements of IAS 12). Therefore our working assumption remains valid, that IAS 12 is the starting point (as in our MCBS process) and a documentation requirement would not impose a different recoverability assessment than IAS 12.	
Guideline 11		
Guideline 12		
Explanatory text Guideline 5		

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
Explanatory text Guideline 6/7		
Explanatory text Guideline 8		
Explanatory text Guideline 9		
Explanatory text Guideline 10		
Explanatory text Guideline 11		
Explanatory text: Table consistency of IFRS valuation		
Technical Annex		
Annex I: Impact Assessment		