	Comments Template on Consultation Paper on EIOPA's first set of advice to the European Commission on specific items in the Solvency II Delegated Regulation	**Deadline 31 August 2017 23:59 CET**
Name of Company:	Munich Re	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
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Reference	**Comment**	
General Comment		
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5.3	**Paragraphs 233 and 293** We would welcome a clear definition of financial risk-mitigating techniques. It is not completely	

	clear which derivatives should be treated as a risk-mitigating contract. We currently distinguish between derivatives that are used for exposure steering and for risk-mitigation. Futures (referred to in paragraph 293) are, in our opinion, no risk-mitigating instruments but "normal" exposure used for exposure steering. We are looking forward to EIOPA's further considerations in this regard and its further proposals on the counterparty default risk, which are announced by EIOPA for its second set of advice. We expect further explanations which exposures need to be considered as risk-mitigating instrument in the counterparty default risk module.	
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6.1	From our point of view some further clarifications are needed, in particular to ensure a proportionate application of the look-through approach. It is likely that the extension of the look-through results in additional costs and challenges regarding data availability. Therefore proportionate exemptions of the look-through requirement should be implemented so that undertakings have the option to apply the existing equity capital charge to investment related undertakings. This should at least be possible, if the exposure is not material.	
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6.3	**Paragraphs 345 and 346** The application of the look-through approach generates costs in its own rights and is also likely to result in additional costs and challenges regarding data availability. To ensure that the application of the look-through on investment related undertakings does not lead to a disproportionate effort, it is necessary to allow undertakings as an option to apply the existing equity capital charge to investment related undertakings; e. g. in cases where the exposure is not material.	

	Paragraph 349 We strongly support optionality in the application of the look-through to investment related undertakings. As proposed in our comments to paragraphs 345 & 346 above, optionality should apply when justified from a prudential perspective.	
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6.4.3	**Paragraph 376** As also stated in the response to paragraphs 345 and 346 we proposes that optionality should be integrated into the framework to enable undertakings to use the existing equity risk capital charge, e.g. for immaterial exposures.	
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7.3	Regarding the proposed methodology for lapse risk calculation (**paragraphs 405-407**) we have the following remarks : - We recommend to waive the differentiation by maturity buckets. - A split into lines of business should not be made mandatory but should only be carried out if reasonable/valuable. - In particular for lapse risk we assume that all companies have long term data available. Therefore we would recommend to use a 10 year history instead of 5 years.	
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