

<b>Comments Template on EIOPA-CP-15-004</b> <b>Consultation Paper on</b> <b>the Call for Advice from the European Commission on the identification and calibration</b> <b>of infrastructure investment risk categories</b>		<b>Deadline</b> <b>09.August.2015</b> <b>23:59 CET</b>
Company name:	RSA Insurance Group plc	
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
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in column "Reference".</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below.               <ul style="list-style-type: none"> <li>○ 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.</li> <li>○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:CP-15-004@eiopa.europa.eu">CP-15-004@eiopa.europa.eu</a>, in MSWord Format, (our IT tool does not allow processing of any other formats).</b></p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-15-004.</p>		
<b>Reference</b>	<b>Comment</b>	
General comments	<p>We welcome this opportunity by EIOPA to provide input on this topic.</p> <p>One of our main comments concerns the definition of "infrastructure". As EIOPA highlights in section 3, the scope of the term can be quite broad; nonetheless, we believe it would be helpful if EIOPA provided some specific examples to assist interested parties in identifying all relevant items.</p>	

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	We agree that the generally lower risk profile exhibited by infrastructure investments ought to be reflected in the risk charges and we therefore agree with the reduced charges proposed by EIOPA.	
Section 1.1.	We note the reasons for this paper; however, as acknowledged by EIOPA, a relatively small proportion of investments are made by insurers into this asset class, so this would appear to be a lot of effort expended for very little result.	
Section 1.2.		
Section 1.3.	We appreciate the fact that EIOPA has consulted the industry on this topic.	
Section 1.4.		
Section 1.5.	As noted by EIOPA, infrastructure investments are highly illiquid. They are also held for a relatively long period of time. For these reasons, we agree with the lower risk charges proposed by EIOPA.	
Section 2.1.		
Section 2.2.		
Section 2.3.		
Section 2.3.1.		
Section 2.3.2.		
Section 2.3.3.		
Section 2.4.		
Section 2.4.1.		
Section 2.4.2.		
Section 2.5.		
Section 2.5.1.		
Section 2.5.2.		
Section 2.5.3.		
Section 3.1.	Our main comment concerns the definition of "infrastructure". As EIOPA highlights here, the scope of the term can be quite broad; nonetheless, we believe it would be helpful if EIOPA provided some	

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	<p>specific examples to assist interested parties in identifying all relevant items.</p> <p>Using some examples, we interpret the proposed scope to mean the following:</p> <ul style="list-style-type: none"> <li>• an investment in a public finance initiative (PFI) project would fall within the scope, irrespective of its form (e.g. debt versus equity);</li> <li>• an equity investment in a publicly-listed water/power company would not fall within the scope;</li> <li>• debt instruments issued by a publicly-listed water/power company would also not;</li> <li>• an investment in a collective investment fund in turn investing in publicly-listed equity and debt issued by infrastructure-orientated companies would not be an infrastructure asset; and</li> <li>• an investment in a collective investment fund in turn investing directly in infrastructure assets (i.e. not via another entity) would be considered to fall within scope, as an equity investment.</li> </ul> <p>We do note EIOPA deliberately uses the term “infrastructure project”; however, we believe that providing such concrete examples would greatly assist the industry, as well as reinforce and clarify EIOPA’s intentions.</p>	
Section 3.2.		
Section 3.2.1.		
Section 3.2.2.		
Section 3.2.3.	<p>In consideration of Recital 2 of the Solvency II Delegated Regulation, we do not believe that the absence of an ECAI rating should have adverse consequences. By proposing that debt without an ECAI rating cannot be assigned a credit quality step higher than 3, it would appear to go against the intention of the Recital (written so as to reduce the reliance of firms on ECAIs), as it would provide an incentive for firms to seek an ECAI rating.</p>	
Section 3.3.		
Section 3.3.1.	<p>See section 3.1 above: whilst we understand that EIOPA has proposed a broad definition in order to honour the principles-based approach of Solvency II, some clear examples would be welcome.</p>	
Section 3.3.2.	<p>We broadly agree with the text as drafted.</p>	

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Section 3.3.2.1.		
Section 3.3.2.2.		
Section 3.3.2.3.		
Section 3.3.3.	We broadly agree with the text as drafted.	
Section 3.3.4..	We broadly agree with the text as drafted.	
Section 3.3.4.1.		
Section 3.3.4.2.		
Section 3.3.4.3.		
Section 3.3.4.4.		
Section 3.3.4.5.		
Section 3.3.4.6.		
Section 4.1.	Whilst we broadly agree with what has been drafted, given the relatively small proportion of investments held in this asset class, having an additional set of charges and calculations will simply increase complexity for relatively little benefit in return.	
Section 4.2.		
Section 4.2.1.		
Section 4.2.2.		
Section 4.2.3.		
Section 4.2.4.		
Section 4.2.4.1.		
Section 4.2.4.2.		
Section 4.2.4.3.		
Section 4.2.4.4.		
Section 4.2.4.5.		
Section 4.2.5.		

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Section 4.2.5.1.		
Section 4.2.5.2.		
Section 4.2.5.3.		
Section 4.2.5.4.		
Section 4.3.		
Section 4.3.1.		
Section 4.3.2.		
Section 5.1.	We are of the view that the counterparty default module is not the correct place to consider such investments – the spread risk module (for debt) or equity risk module (for equity/collective investment scheme investments) are more suitable, in line with the points raised above.	
Section 5.2.		
Section 5.3.		
Section 6.1.		
Section 6.2.		
Section 6.2.1.		
Section 6.2.2.		
Section 6.2.3.		
Section 6.3.	We broadly agree with the text as drafted.	
Section 7.1.	We broadly agree with the text as drafted.	
Section 7.2.		
Section 7.3.	We broadly agree with the text as drafted – essentially setting out the implications of the prudent person principle as applied to investing in this sector.	
Section 8.		
Annex I		
Annex II		

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Annex III Sections:		
Section 1.		
Section 2.		
Section 2.1.		
Section 2.2.		
Section 2.3.		
Section 3.		
Section 3.1.		
Section 3.2.		
Section 3.2.1.		
Section 3.2.2.		
Section 4.		
Section 4.1.		
Section 4.2.		
Section 4.3.		
Section 4.4.		
Section 4.5.		
Section 5.		
Annex IV		
Annex V		