



| Comments Template on CEIOPS-CP 55 Consultation Paper on the Draft L2 Advice on SCR Standard Formula – MCR calculation | | Deadline 11.09.2009 4 p.m. CET |
|---|--|---|
| Name of Company: | ECIROA (European Captive Insurance and Reinsurance Owners' Association) | |
| Disclosure of comments: | CEIOPS will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments should be treated as confidential: | No |
| The numbering of the paragraphs refers to Consultation Paper No. 55 (CEIOPS-CP-55/09). | | |
| Reference | Comment | |
| General Comment | ECIROA is worried about the increased administration/actuarial costs involved in the application of the corridor of the MCR. Captives doing the QIS 4 spent a considerable amount for the study compared to their normal average cost for administration. Should the SCR need to be calculated quarterly the weight of Solvency II cost in pure calculation costs would be totally out of scope. <i>Please note that where a comment has not been made on a particular paragraph, this does not indicate that we agree with the paragraph.</i> | |
| 1. | | |
| 1.1. | | |
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| 3.4. | <p>“The calibration of the linear component of the MCR in QIS 4 was regarded as satisfactory for non-life business, whereas it was also concluded that the calibration of the linear formula for life business would need improvement.”</p> <p>We would like to remind CEIOPS that the reinsurance captives performing the QIS 4 indicated that 68% needed to apply the floor. This clearly shows that it is imperative to make a calibration for captives.</p> | |
| 3.5. | | |
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| 3.46. | Although the directive states that the SCR should be calculated annually CEIOPS now writes that for the purpose of the MCR calculation, the SCR shall be calculated on a quarterly basis. Proportionality very important. | |



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| 3.47. | | |
| 3.48. | Referring to 3.46 above ECIROA welcomes the simplification. | |
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