



Comments Template on Impact Assessment and Questions		Deadline 20 January 2012 12:00 CET
Name of Company:	European Captive Insurance and Reinsurance Owners Association (ECIROA) Aon Risk Solutions Marsh Ltd	
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">⇒ <u>Do not change the numbering</u> 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, in Word Format, to cp009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to this Consultation Paper.</p>		



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Reference	Comment	
General Comment	<ul style="list-style-type: none"> • In accordance with the principle of proportionality, we suggest that Captives should be exempted from quarterly reporting due to their size and relative simplicity. • Requiring Captives to report quarterly will place too onerous a burden on them and will cause unnecessary additional costs. • Annual reports should be sufficient but Supervisors should have the flexibility to request quarterly reports should the size and/or nature of the Captive justify this. <p>Please see our more detailed comments on CP9 b,c,d,e,f</p> <p><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></p>	
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1.10.		
1.11.		
1.12.		
1.13.		
1.14.	The detailed Quantitative Reporting Templates are beyond the proportionality principle for smaller undertakings and therefore we propose an exemption from the detailed templates. We welcome the fact that smaller and less complex undertakings will have less to report due to their size or less complex risk profile and we believe that proportionality could still be applied to a large extent on the quarterly reporting of a number of templates for the granularity of data. This should be available as discretion at the level of the national supervisor in order to determine which of the granular level of data would not be material to assess the systemic assessment of the licensed companies in the particular domicile. Also annual reporting is sufficient.	
1.15.	It is suggested that national-specific templates that depart from the requirements of the harmonized EU templates should be kept to a minimum. In those instances where particular domiciles are currently required to report to various authorities e.g. for financial stability and statistical purposes, licensed companies should only report to one Authority and thus sharing of information between Authorities in the particular domicile should be allowed for.	
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2.1.		
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3.6.	We acknowledge the fact that Solvency II reporting requirements should be compatible with IFRS reporting. Thus it is imperative not to have duplication of the same reporting requirements under the two frameworks and where there are still differences, there should be more coordination between EIOPA and IASB in order to align the reporting frameworks. Please refer to comments made under the EIOPA Template for Comments on CP9 f.	
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4.13.	We welcome the fact of applying proportionality by applying exemption to various quarterly information. A suggestion to make this work is to apply the small size exemption (e.g. based on turnover and total assets) to those licensed companies and set a threshold at EU/national level.	
4.14.		
4.15.	The txt in paragraph 4.8 is the same as the text in paragraph 4.15	
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4.22.	The initial set-up cost for smaller undertakings is huge relative to larger undertakings. Paragraph 1.14 says that a smaller undertaking has less to report so there will be no exclusion on an annual basis. We believe it is wrong not to make any exclusions on an annual basis since the initial set-up costs is the same no matter how many times per year you extract a report. A smaller undertaking,	

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	yet large enough to have a rather complex investment portpolio, is expected to perform necessary system changes according to paragraph 4.21. We believe there is mismatch between such a requirement and paragraph 1.12, 3.5 and 4.2 an d propose a threshold for the template « Assets D2 » also on an annual basis.	
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4.34.	We agree with option A4. This will give national supervisors sufficient flexibility to require quarterly reporting for those captives which are sufficiently large to justify it. Additional reporting at national level should be kept to a minimum as this will defeat the objective of a harmonised approach. Exemptions for quarterly reporting should also be available at the discretion of national supervisors. The vast majority of captives will not be large enough to require quarterly reporting and captives should therefore generally be exempted.	
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4.70.	<p>We do not agree. According to IAIS Supervisory Standard No 9 - Standard on Disclosures Concerning Technical Performance and Risks for Non-Life Insurers and Reinsurers (October 2004) paragraph 28 the following is written 28.</p> <p><i>Except for short-tail business, insurers should disclose information on the development of claims in a claims development triangle. The claims development triangle shows the insurer's estimate of the cost of claims (claims provisions and claims paid) as of the end of each year and how this estimate develops over time. This information should be reported consistently on an accident year or underwriting year basis and should reconcile to amounts reported in the balance sheet."</i></p> <p>This means an undertaking can choose between the alternatives. Assume that an undertaking has chosen one of the alternatives for the yearly financial statement and that their Supervisor have decided to use the other alternative in the Solvency II reporting. This means two reports must be created and we cannot see that the benefits for the Supervisor exceeds the cost for the</p>	

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	undertakings. Another example can also demonstrate this: Lets assume that a larger company has subsidiaries in many different domiciles and they all use the same IT-solution. Due to the suggestion that each Supervisor can choose which alternative they prefer the IT-solution must be created in a way that handles both alternatives. Such a solution is very expensive and it takes a considerable amount of time to re-program. We believes that option 1 is the best alternative with respect of the burden for smaller undertakings according to paragraph 1.12.	
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4.92.	Captives should be exempted from submitting quarterly balance sheets. See our comments in General comments above.	
4.93.	We suggest that the frequency of public disclosures should be kept on an annual basis.	
4.94.		
4.95.	Captives should be exempted from public disclosure of templates as the information is confidential and not of interest to Consumers. Where a captive is insuring only the risks of its parent and/or Group companies, disclosure of the risks underwritten will provide a clear picture of the parent or Group companies' insurance programme. Similarly, the captive may create loss reserves for outstanding claims which can be easily identified. It would be detrimental to their business if this information is publicly available e.g. it would have an impact upon the settlement negotiations between the parent or Group company and the claimant. Captives should be exempted from public disclosure of certain information in accordance with Article 53 (1) of the Directive.	
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4.100.	See our comments in 4.95.	
4.101.		

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4.110.	Agreed to the fact that disclosures should not be made public and only reported on an annual basis.	
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4.124.	The detail with regard to narrative disclosure requirements should be proportionate to the nature, scale and complexity of the undertaking. The frequency of reporting should be on an annual basis.	
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4.137.	Quarterly reporting should only be required and used for supervision purposes. Public disclosures should be on an annual basis.	
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4.140.		

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4.141.		
4.142.		
Q1.		
Q2.		
Q3.		
Q4.	It is important to note that huge investment has to be made into IT systems. Thus it is imperative that the final reporting framework is finalised as soon as possible to allow undertakings to modify reporting systems in time for implementation and reporting of data.	
Q5.		
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