

Summary of Comments on Consultation Paper 61 - CEIOPS-CP-61/09

CEIOPS-SEC-124/09

CP No. 61 - L2 Advice on intra-group transactions and risk concentration

CEIOPS would like to thank AAS BALTA, AB Lietuvos draudimas, Association of British Insurers, CEA, CRO Forum, Codan Forsikring A/S, DIMA (Dublin International Insurance & Management), European Insurance CFO Forum, European Union member firms of Deloitte Touche, FFSA, German Insurance Association (GDV), GROUPAMA, Groupe Consultatif, International Underwriting Association of London, Investment & Life Assurance Group (ILAG), Ireland's Solvency 2 Group, Link4 Towarzystwo Ubezpieczeń SA, Lloyd's, Milliman, Munich RE, Codan Forsikring, Pearl Group Limited, RBS Insurance, RSA Insurance Group PLC, RSA Insurance Ireland Ltd, RSA Sun Insurance Office Ltd., Solvency II Legal Group, Trygg-Hansa Försäkrings AB.

The numbering of the paragraphs refers to Consultation Paper No. 61 (CEIOPS-CP-61/09)

No.	Name	Reference	Comment	Resolution
1.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	General Comment	<p>There are no Objective and measurable guidelines specially for the Risk Concentration</p> <p>More than once a year reporting could create difficulties for smaller entities</p> <p>More flexibility given to the large group could create a distortion in the competition between them and the smaller ones.</p> <p>More harmonisation is necessary between the supervisors??</p> <p>More details have to be provided for external risks considered by the supervisors for Risk Concentration</p>	CEIOPS may develop Level 3 to deal with these points.
2.	Association of British Insurers	General Comment	This paper appears to overlook the scope of the Pillar II review and its capacity to consider those issues in a very practical and effective way. We see the risk of establishing duplicate processes and reporting requirements. And instead, these should be integrated into coherent assessments focused on the ORSA and building upon the group's own internal risk management framework. Supervision of risk concentrations and intra-group transactions that can affect the financial position of a group or a solo entity is important.	<p>CEIOPS notes risk of duplication and considers RC and IGT should fit in with existing Pillar II requirements, including the RTS and ORSA.</p> <p>The proportionality principle shall</p>

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		<p>However, we believe such issues would be best addressed in the context of the Pillar II supervisory review and ORSA.</p> <p>We are concerned that the scope of this paper might go beyond what is required by the level 1 text with the significant increase in thresholds.</p> <p>We believe the paper should give further consideration to materiality aspects and should be subject to the proportionality principle.</p> <p>Otherwise it might place excessive burden on undertakings and could also lead to duplication of reporting.</p> <p style="padding-left: 40px;">We would like to stress the importance of keeping the reporting by the undertakings to what is really needed. The key principle should be that only what is going to be analysed by supervisors should be reported.</p> <p style="padding-left: 40px;">Any ex ante reporting will place a burden on the firm and has the potential to disrupt business activity, particularly where protracted delays occur. Careful consideration of any ex ante requirement should be undertaken in the context of the wider Pillar II process.</p> <p style="padding-left: 40px;">Information that is already contained in existing reporting, for example internal group risk reports, should not be duplicated.</p> <p>There is insufficient consideration of the impact of intragroup transactions (IGT) in a winding up. (e.g. impact of subordination).</p> <p>Supervisory review of IGT's should extend to considering the impact of a winding up of each relevant entity of the group on the viability of the remainder of the group and the effect on policyholders (criteria for review could extent to which IGT is</p>	<p>apply.</p> <p>CEIOPS will consider the outcomes of the FCD review to ensure consistency.</p>
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			<p>subordinated on a winding up, circumstances in which transaction can be unwound etc.)</p> <p>The paper is not always clear on how groups or entities outside of the EEA are to be treated.</p> <p>But we would expect this to be linked to decisions on the wider Pillar II process for the group.</p> <p>It is very important that an alignment is sought with the other Directives which deal with risk concentration (RC) and intragroup transactions (IGT) such as the Financial Conglomerates Directive (FCD), the Insurance Groups Directive (IGD) and the Capital Requirements Directive (CRD). We believe CEIOPS should not significantly depart from what is proposed under the IGD and the FCD. A level playing field should be ensured to avoid a situation where a group has to comply with multiple thresholds.</p> <p>We believe the definition of risk concentration remains unclear and we believe that guidance in this area is very limited although implications for groups are significant. We also consider it inappropriate to single out insurance groups over single entities.</p>	
3.			Confidential comment deleted	
4.	CEA, ECO-SLV-09-455	General Comment	<p>The CEA welcomes the opportunity to comment on the Consultation Paper (CP) No. 61 on Supervision of Risk Concentration and Intra-Group Transactions.</p> <p>It should be noted that the comments in this document should be considered in the context of other publications by the CEA.</p> <p>Also, the comments in this document should be considered as a whole, i.e. they constitute a coherent package and as such, the rejection of elements of our positions may affect the remainder of our comments.</p>	Noted. CEIOPS intends to set thresholds on the SCR/TP – this is consistent with the FCD. Thresholds should be set at solo level to understand the impact on the undertaking. This does not mean there is a reporting requirement at solo level.

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		<p>These are CEA's views at the current stage of the project. As our work develops, these views may evolve depending in particular, on other elements of the framework which are not yet fixed.</p> <p>We are concerned that the scope of this paper might go beyond what is required by the level 1 text with the increase in thresholds.</p> <p>The CP expands the basis for thresholds from solvency capital and technical provisions to the MCR and the SCR. This is a deviation from the Level 1 text. We disagree with basing thresholds on the MCR. We insist on the fact that thresholds should be based on the maximum between the SCR and own funds, and not on the MCR.</p> <p>Thresholds for IGT and RC should be quantified at Level 2.</p> <p>The CP does not give quantitative percentage to be applied to the solvency capital or technical provisions for establishing the threshold. There should be Level 2 advice on the quantification of thresholds. We consider that leaving it to supervisory discretion could lead to distortion of the European level playing field. We ask Ceiops to quantify the thresholds at Level 2.</p> <p>Thresholds should be set at group level.</p> <p>According to the CP thresholds could be set at both solo and group level. We disagree with this. The thresholds should be based on group figures and not on solo figures. The proportionality principle has to be applied in group supervision. Further, this follows from Article 248(1) ("risk concentration at group level"). Identification at group level is simply not possible based on solo figures. Due to the reference in Article 249(3) to Article 248(3), we believe that the same applies to IGT.</p> <p>We believe the paper should give further consideration to</p>	<p>The proportionality principle shall apply.</p> <p>CEIOPS may elaborate on RC at Level 3.</p>
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materiality aspects and should be subject to the proportionality principle.

Otherwise it might place excessive burden on undertakings and could also lead to duplication of reporting.

We would like to stress the importance of keeping the reporting by the undertakings to what is really needed. The key principle should be that only what is going to be analysed by supervisors should be reported.

The CP proposes that the information is given to the supervisors more than once a year. We do not agree with this as it will be burdensome for undertakings. Reporting should be aligned with the reporting of the RTS.

Information that is already contained in existing reporting, for example internal group risk reports, should not be duplicated. We disagree with the requirement for ex-ante reporting.

Requiring ex-ante reporting is not in line with the Level 1 text, and could jeopardise the efficiency of the relations between entities within a group; entities which are subject to the same solvency rules.

The CP should define a number of issues more clearly.

The CP makes the distinction between significant and very significant indicated in article 249 relating to IGT, with no definition given afterwards.

The section on Risk Concentration is not sufficiently detailed. There is no information on how risks should be identified, measured or reported. This will make it difficult to achieve supervisory convergence in this area. See comment to 3.50.

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There is insufficient consideration of the impact of IGT in a winding up. (e.g. impact of subordination).

Supervisory review of IGT's should extend to considering the impact of a winding up of each relevant entity of the group on the viability of the remainder of the group and the effect on policyholders (criteria for review could extent to which IGT is subordinated on a winding up, circumstances in which transaction can be unwound etc.)

The paper is not always clear on how groups or entities outside of the EEA are to be treated.

For instance:

If a group is based outside EEA but has several entities regulated within the EEA: do these entities report on RC/IGT together or separately, and to which group supervisor?

Does RC reporting include exposures in entities outside the EEA? Does IGT reporting include transactions between entities all outside the EEA?

However, this is likely to be linked to decision on the wider Pillar II process for the group.

It is very important that an alignment is sought with the other Directives which deal with RC and IGT such as the FCD and the CRD.

A level playing field should be ensured to avoid a situation where a group has to comply with multiple thresholds.

Overall, while we recognise the important role of Risk Concentration (RC) and Intra-group Transactions (IGT), we believe that the

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			<p>principles of the Insurance groups Directive (IGD) and the Financial Conglomerates Directive (FCD) should be sufficient. We note that the FCD is under review, and a separate CP has been issued. The JCFC review CP includes various recommendations and principles that cover many, if not all, aspects of this CP. We are concerned that a separate CP by Ceiops may result in inconsistency with the final decisions regarding the FCD review and/or may result in additional requirements.</p> <p>It follows from the level 1 text, i.e. Art. 211(3) Solvency II, that the level 2 stipulations on risk concentrations and intragroup transactions should be aligned with the FCD, and further, that the requirements under Solvency II level II may not exceed the requirements of the FCD. The provision allows the group supervisor to waive the supervision, if the supervision according to the FCD applies. This would not make sense if Solvency II allowed that the supervision according to the FCD was less strict.</p>	
5.	CRO Forum	General Comment	<p>The CRO Forum fully supports the principle of open and transparent communication with the supervisor. However the CP proposals as currently written are administratively burdensome on firms and could slow down commercial decision making.</p> <p>61.A RC and IGT to be carefully assessed (priority: high)</p> <p>The CRO Forum recognises the important role of Risk Concentration (RC) and Intra-group Transactions (ICT) from a supervisory perspective. Both RC and IGT within an insurance group should therefore carefully be assessed. The references to (the current technical review of the) Financial Conglomerate Directive (FCD), however, are not entirely appropriate, since cross-sectoral consistency means that the FCD should be aligned with Solvency II as much as possible (and not the other way around). As a result of</p>	<p>CEIOPS will take into account the FCD review.</p> <p>The proportionality principle shall apply.</p>

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			<p>this, any reference made to "group" in this CP should only be read as "insurance group".</p> <p>61.B Inappropriate to single out insurance groups (priority: high) The CRO Forum believes that several of the comments and advices contained in this paper are generic, and not specific to insurance groups; or in some cases perhaps relevant to any complex or large insurance solo entity; so it is not appropriate to single these factors out solely in the context of insurance groups.</p> <p>61.C Proportionality to ex-ante reporting of transactions (priority: medium) The CRO Forum also suggests that the concept of proportionality be applied appropriately, particularly in the area of ex-ante reporting of transactions.</p> <p>61.D More specific advice on RCs and IGTs required (priority: high) The paper has some good high level principles, but we would like to see some more specific discussion on how RC and IGT would likely be assessed and supervised in practice. Eg criteria for significance, and suggested treatment of IGT and RC's.</p>	
6.	DIMA (Dublin International Insurance & Management)	General Comment	<p>DIMA welcomes the opportunity to comment on this paper.</p> <p>Comments on this paper may not necessarily have been made in conjunction with other consultation papers issued by CEIOPS.</p> <p>This consultation paper is quite significant for the Irish international (re)insurance industry, where the Irish regulator requires that insurance and reinsurance business is carried out in separate legal entities, subject to the 80/20 rule (or variations thereof). Some international (re)insurance groups operating in Ireland are required to split their business across subsidiaries, with shared functions</p>	<p>Noted. Reporting shall apply at group level – not solo level.</p> <p>The proportionality principle shall apply in setting thresholds to avoid unnecessary reporting.</p>

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		<p>housed in service/holding companies. Identical underwriting and risk management practices are commonly deployed across the insurance and reinsurance subsidiaries. This structure undoubtedly imposes a higher burden of compliance with Solvency II, compared with other European jurisdictions such as the UK and the Netherlands, where both insurance and reinsurance products can be written within a single company. Separate companies introduce significant levels of outsourcing and intra-group transactions, giving rise to outsourcing and group risks in Ireland that would not exist in a single company structure elsewhere. Furthermore, Solvency II compliance is required for each solo entity, as well as at group level.</p> <p>Care should be taken to avoid excessive and onerous reporting requirements for groups conducting a large number of intra group transactions. Noting that the primary purpose of this consultation paper is to aid in the identification of risks to a solo entity, it may be useful to identify the reporting obligations in respect of any intra group transactions should rest with the undertaking which is reliant on the other party. This is particularly important in the context of a group captive vehicle where the entire portfolio may well comprise of IGT's and thus every transaction would be reportable. In this respect it makes more sense for the ceding undertaking to make the report on particular transactions.</p> <p>For EU subsidiaries of worldwide groups, and where risk concentrations are managed at an ultimate group level, does CEIOPS anticipate that the EU entities/groups will report under Solvency II on the basis that risk concentrations are managed at ultimate group level? Does this apply where the European operations comprise a relatively low proportion of worldwide business?</p> <p>The unique nature of captive undertakings means that it is likely</p>	
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			that their underwriting business arises from intra-group transactions with large risk concentration exposures. The asset and liability side of the balance sheet of a captive (re)insurer will also have large risk concentration exposures and intra-group transactions. Should the captive have an intra-group lending facility or agreements for the centralised management of assets and liquidity in the group, then the risk concentration exposure is even higher. Thus the principle of proportionality as it is applied to captives, recognising their unique nature, is vital in this regard.	
7.	European Insurance CFO Forum	General Comment	<p>Reference to Financial Conglomerate Directive (FCD) is not appropriate.</p> <p>This directive is currently in draft and is not being drafted with specific consideration to insurance groups.</p> <p>The CFO Forum recommends that the FCD should be aligned with Solvency II (and Capital Requirements Directive (CRD)) as much as possible. The proposed fundamental review of the FCD in 2012 would be the best opportunity to do this.</p> <p>In light of the proposed review of the FCD, the CFO Forum further recommends that:</p> <p style="padding-left: 40px;">The current features of the FCD that cover additional risks that might influence banks, investment firms and insurance companies that are part of a financial conglomerate should be retained. Any amendment to the current FCD should not change the Solvency II legislation (or the CRD).</p> <p style="padding-left: 40px;">The FCD should be consistent with the supervision of insurance (and banking) groups and therefore take account of progress made in group supervision as laid down in Solvency II (and CRD).</p>	<p>CEIOPS will take into account the FCD review.</p> <p>The reporting will fit within the existing Pillar 2 framework taking into account relevant sources of information.</p>

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As a result of above, any reference made to "group" in this CP should only be read as "insurance group".

Reporting requirements should be efficient. Extraneous information should not be provided to supervisors.

Supervision of risk concentrations and intra-group transactions can significantly affect the financial position of a group or solo entity. The CFO Forum appreciates that in order to facilitate the supervision, a sound level of detail and amount of information must be reported to the supervisory authorities. However, the CFO Forum would also like to emphasise that where possible, information already available to supervisors should be used. Further, only information that will be analysed should be provided.

The concept of proportionality should be applied appropriately for reporting requirements.

Intra-group transactions and risk concentrations should only be reported if they are material for the group. This is particularly relevant in the area of ex-ante reporting of transactions.

Comments in 3.54 are also relevant here.

Various issues in this paper are only discussed generically.

Some comments and advice contained in this paper are generic. They are either not specific to insurance groups or in some cases relevant to any complex or large insurance solo entity. This may lead to problems at the implementation stage.

The paper has some good high level principles, but the CFO Forum would welcome more specific discussions on how risk concentrations and intra-group transactions would be assessed and supervised in practice.

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			Our specific comments against each paragraph indicate the areas where additional explanation is required.	
8.	European Union member firms of Deloitte Touche To	General Comment	We agree with the recommendations given and believe that CEIOPS has tried to be as broad as possible in coming up with a concise system of supervising risk concentrations and the risks within intra-group transactions.	Noted
8b.	FFSA	General Comment	<p>The purpose of the CP was to give more criteria on Risk Concentrations. We consider that definitions given are vague, and that precise guidelines should be given on what is expected.</p> <p>Also, the CP raises issue of difference between significant and very significant indicated in article 249 relating to IGT, with no definition given afterwards.</p> <p>The CP proposes that the information is given to the supervisors more than once a year. Also, they propose to implement an ex-ante reporting, without saying there is a need for approval. We consider it to be burdensome, and strongly recommend that reporting be ex-post and performed annually. The ex-ante procedure is not in line with directive level 1, and will jeopardize the efficiency of the relations between entities within a group, entities which are subject to the same solvency rules.</p> <p>The CP presents the concept of threshold (imposed by the supervisors) to report on RC and ITG, without giving any quantitative aspects. We believe that the supervisors should give some indication of acceptable thresholds, with a tolerance margin on a case-by-case basis. We insist on the fact that thresholds should be based on max[SCR;own funds] and not on MCR.</p> <p>The CP defines the scope of IGT and RC. However, we would like to</p>	CEIOPS may elaborate on RC and "significance" at Level 3.

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			<p>clearly exclude the following undertaking within the scope: A has a significant influence on C, B has a dominant influence on C. A and B should not be considered as related parties.</p> <p>FFSA fully supports that the development of thresholds should be done with a strong supervisory coordination between the college, and that the CEIOPS could play a role in this harmonisation.</p>	
9.			Confidential comment deleted	
10.	<p>German Insurance Association – Gesamtverb and der D</p>	<p>General Comment</p>	<p>GDV appreciates CEIOPS’s effort regarding the implementing measures and likes to comment on this consultation paper. In general, GDV supports the detailed comment of CEA. Nevertheless, the GDV highlights the most important issues for the German market based on CEIOPS’ advice in the blue boxes.</p> <p>We are concerned that the scope of this paper might go beyond what is required by the level 1 text with the increase in thresholds.</p> <p>The CP expands the basis for thresholds from solvency capital and technical provisions to the MCR and the SCR. This is a deviation from the Level 1 text. We disagree with basing thresholds on the MCR. We insist on the fact that thresholds should be based on the maximum between the SCR and own funds, and not on the MCR.</p> <p>Thresholds for IGT and RC should be quantified at Level 2.</p> <p>The CP does not give quantitative percentage to be applied to the solvency capital or technical provisions for establishing the threshold. There should be Level 2 advice on the quantification of thresholds. We consider that leaving it to supervisory discretion could lead to distortion of the European level playing field. We ask CEIOPS to quantify the thresholds at Level 2.</p> <p>Alignment of thresholds with Financial Conglomerate Directive should be aimed at</p>	<p>Noted. CEIOPS will develop thresholds based on the SCR. This is consistent with the FCD.</p> <p>Thresholds should be set at solo level to measure the risks to the undertaking. This does not require reporting at solo level.</p> <p>Greater frequency in reporting may be necessary to allow supervisors to make informed and timely decisions.</p>

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Thresholds should be aligned with those for IGT and RC in the Financial Conglomerates Directive. We are aware that the FCD currently only sets a threshold for IGT (5% of the conglomerate’s solvency), and leaves the threshold for RC to the coordinator. But this applies only until a further harmonisation has been reached; in the light of this, the FCD is currently being reviewed. Therefore we ask CEIOPS to commit to align thresholds with the future FCD thresholds.

We think an alignment is necessary due to the level 1 text, i.e. Art. 211(3) Solvency II. Hereafter the group supervisor may waive the Solvency II supervision, if the supervision according to the FCD applies. This would not make sense if Solvency II allowed that the supervision according to the FCD was less strict, or different.

Further, we believe that a stipulation on level 2 is possible for the following reasons. With regard to IGT, Art. 249(4) allows the EU-Com to adopt implementing measures, which then replace thresholds set by the group supervisor. With regard to RC, we believe that at least a recommendation for thresholds in ordinary cases is necessary to foster a harmonised implementation of Solvency II.

Thresholds should be set at group level.

According to the CP thresholds could be set at both solo and group level. We disagree with this. The thresholds should be based on group figures and not on solo figures. The proportionality principle has to be applied in group supervision. Further, this follows from Article 248(1) (“risk concentration at group level”). An identification at group level is simply not possible based on solo figures. Due to the reference in Article 249(3) to Article 248(3), we believe that the same applies to IGT. Further, this follows from Article 248(1) (“risk concentration at group level”). An identification at group level is

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simply not possible based on solo figures. Due to the reference in Article 249(3) to Article 248(3), we believe that the same applies to IGT.

We believe the paper should give further consideration to materiality aspects and should be subject to the proportionality principle.

Otherwise it might place excessive burden on undertakings and could also lead to duplication of reporting.

We would like to stress the importance of keeping the reporting by the undertakings to what is really needed. The key principle should be that only what is going to be analysed by supervisors should be reported.

The CP proposes that the information is given to the supervisors more than once a year. We do not agree with this as it will be burdensome for undertakings. Reporting should be aligned with the reporting of the RTS.

Information that is already contained in existing reporting, for example internal group risk reports, should not be duplicated.

We disagree with the requirement for ex-ante reporting.

Requiring ex-ante reporting is not in line with the Level 1 text, and could jeopardise the efficiency of the relations between entities within a group; entities which are subject to the same solvency rules.

The CP should define a number of issues more clearly.

The CP makes the distinction between significant and very significant indicated in article 249 relating to IGT, with no definition given afterwards.

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The section on Risk Concentration is not sufficiently detailed. There is no information on how risks should be identified, measured or reported. This will make it difficult to achieve supervisory convergence in this area. See comment to 3.50.

There is insufficient consideration of the impact of IGT in a winding up. (e.g. impact of subordination).

Supervisory review of IGT's should extend to considering the impact of a winding up of each relevant entity of the group on the viability of the remainder of the group and the effect on policyholders (criteria for review could extend to which IGT is subordinated on a winding up, circumstances in which transaction can be unwound etc.)

The paper is not always clear on how groups or entities outside of the EEA are to be treated.

For instance:

If a group is based outside EEA but has several entities regulated within the EEA: do these entities report on RC/IGT together or separately, and to which group supervisor?

Does RC reporting include exposures in entities outside the EEA? Does IGT reporting include transactions between entities all outside the EEA?

However, this is likely to be linked to decision on the wider Pillar II process for the group.

It is very important that an alignment is sought with the other Directives which deal with RC and IGT such as the FCD and the CRD.

A level playing field should be ensured to avoid a situation where a

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			<p>group has to comple with multiple thresholds.</p> <p>Overall, while we recognise the important role of Risk Concentration (RC) and Intra-group Transactions (IGT), we believe that the principles of the Insurance groups Directive (IGD) and the Financial Conglomerates Directive (FCD) should be sufficient. We note that the FCD is under review, and a separate CP has been issued. The JCFC review CP includes various recommendations and principles that cover many, if not all, aspects of this CP. We are concerned that a separate CP by CEIOPS may result in inconsistency with the final decisions regarding the FCD review and/or may result in additional requirements.</p> <p>It follows from the level 1 text, i.e. Art. 211(3) Solvency II, that the level II stipulations on risk concentrations and intragroup transactions should be aligned with the FCD, and further, that the requirements under Solvency II level II may not exceed the requirements of the FCD. The provision allows the group supervisor to waive the supervision, if the supervision according to the FCD applies. This would not make sense if Solvency II allowed that the supervision according to the FCD was less strict.</p>	
11.	GROUPAMA	General Comment	<p>Groupama would like to emphasize the difficulties which could be generated by onerous reporting of intra-group transactions. As those transactions are usually done to minimize an undertaking's risk exposure, CEIOPS should not delay their application for reporting and approval reasons. We think it is preferable to have annual ex-post reporting rather than annual ex-ante reporting of intra-group transactions since this is more profitable for optimising the entity's risk management. (3.30)</p>	Noted

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12.	Groupe Consultatif	General Comment	<p>We agree with CEIOPS that Risk concentration and Intra-group transactions are both important issues in risk management and so also for supervisory purposes..</p> <p>We assume that the risk concentration issue is not specific related to "Groups". Every insurance company should analyse concentrations of risk, for example the insurance risks, both in life as non-life. Concentration risk can be modelled both in setting the extreme event assumptions (catastrophe risk) and in defining the dependencies between the risks (diversification). For example in special cases it can be necessary to increase the catastrophe shock in mortality risk above a shock only based on pandemics. This increase of the catastrophe shock should not be general, but can be a result of analysing concentrations of risks within an insurance company (Pillar 2).</p>	Agreed, Issue is the totality and interrelationships between risks in a group.
13.	Investment & Life Assurance Group (ILAG)	General Comment	<p>Much discretion is reserved to Supervisors; It would be helpful to have clearer / more guidelines (e.g. thresholds for intervention or approval by Supervisors in relation to Intra Group Transactions)</p> <p>There is insufficient consideration of the impact of IGT in a winding up. (e.g. impact of subordination)</p>	Noted. This would be developed within the college arrangements.
14.	Ireland's Solvency 2 Group, excluding representa	General Comment	<p>Ireland's Solvency 2 Group, excluding representatives from the Department of Finance and the Financial Regulator.</p> <p>The Solvency 2 Group is a high-level group set up by the Irish government for the purpose of contributing to the development of Solvency 2 from an Irish perspective. It is made up of representatives from the insurance industry (life and non-life, direct writers and reinsurers), industry representative bodies, professionals (actuaries, accountants and solicitors) working with insurers, as well as representatives from the Department of Finance and the Financial Regulator. As noted above, the latter two</p>	Noted

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			<p>representatives have not contributed to this submission.</p> <p>The reporting of intra-group transactions can pose considerable difficulties in practice for companies unless the precise transactions to be reported, and the precise circumstances in which they must be reported, are clear. This is because the reporting process, even where specific approval for a transaction is not required, can cause significant delays in effecting necessary commercial dealings. We identify one specific instance where we believe that a lack of clarity exists in the paper below, but suggest that this point needs to be borne in mind generally in the final version.</p>	
15.	Lloyd's	General Comment	<p>Lloyd's welcomes the opportunity to comment on CP61. It should be noted that Lloyd's is not a group under Solvency II and has assessed this paper to gauge its general impact on the insurance sector.</p> <p>Lloyd's is generally supportive of the consultation paper. Our specific comments are set out below.</p>	Noted
16.	Munich RE	General Comment	<p>We fully support all of the GDV statements and would like to add the following points:</p> <p>It should be assured that all information that is already available to the supervisors, e.g. via internal Group risk reports is leveraged, i.e. additional reporting burden should be avoided.</p> <p>The references to (the current technical review of) the Financial Conglomerate Directive (FCD), however, are not entirely appropriate, since cross-sectoral consistency means that the FCD should be aligned with Solvency II as much as possible (and not the other way around). As a result of this, any reference made to "group" in this CP should only be read as "insurance group".</p> <p>The paper contains some very sensible high level principles, but we would like to see some more specific discussion on how RC</p>	Noted. Intention is to leverage from existing sources of information under Pillar 2.

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			and IGT would likely be assessed and supervised in practice, e.g. criteria for significance, and suggested treatment of IGT and RC's.	
17.	Pearl Group Limited	General Comment	<p>The consultation paper is opaque in a number of areas and greater clarity is sought either in Level 2 or in the Level 3 guidance to be issued in the future by CEIOPS.</p> <p>This paper appears to overlook the scope of the Pillar II review and its capacity to consider those issues in a very practical and effective way.</p> <p>We see the risk of establishing duplicate processes and reporting requirements. And instead, these should be integrated into coherent assessments focused on the ORSA and building upon the group's own internal risk management framework. Supervision of risk concentrations and intra-group transactions that can affect the financial position of a group or a solo entity is important. However, we believe such issues would be best addressed in the context of the Pillar II supervisory review and ORSA.</p> <p>We are concerned that the scope of this paper goes beyond what is required by the level 1 text with the significant increase in thresholds.</p> <p>We believe the paper should give further consideration to materiality aspects and should be subject to the proportionality principle.</p> <p>We would like to stress the importance of keeping the reporting by the undertakings to what is really needed. The key principle should be that only what is going to be analysed by supervisors should be reported.</p> <p>Information that is already contained in existing reporting, for example internal group risk reports, should not be duplicated.</p>	<p>CEIOPS notes risk of duplication and considers RC and IGT should fit in with existing Pillar II requirements.</p> <p>The proportionality principle shall apply.</p> <p>CEIOPS will consider the outcomes of the FCD review to ensure consistency.</p>

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			<p>There is insufficient consideration of the impact of IGT in a winding up. (e.g. impact of subordination).</p> <p>Supervisory review of IGT's should extend to considering the impact of a winding up of each relevant entity of the group on the viability of the remainder of the group and the effect on policyholders (criteria for review could extent to which IGT is subordinated on a winding up, circumstances in which transaction can be unwound etc.)</p> <p>It is very important that an alignment is sought with the other Directives which deal with risk concentration (RC) and intragroup transactions (IGT) such as the Financial Conglomerates Directive (FCD), the Insurance Groups Directive (IGD) and the Capital Requirements Directive (CRD). We believe CEIOPS should not significantly depart from what is proposed under the IGD and the FCD. A level playing field should be ensured to avoid a situation where a group has to comply with multiple thresholds.</p>	
18.	RBS Insurance	General Comment	<p>In our opinion, the supervision of Intra – Group Transactions (IGT) and Risk Concentration (RC) should form part of Pillar II supervisory review and ORSA and the reporting requirements should be met via SFCR and RTS reporting.</p> <p>We believe that CEIOPS proposal should be subject to materiality concept and further consideration should be given to proportionality principle, in particular when enlarging the scope IGT and RC.</p> <p>We agree with the importance of consistency of principles of supervision of RC and IGT with the Insurance Group Directive (IGD) and Financial Conglomerates Directive (FCD) and the Capital Requirement Directive (CRD).</p>	Noted

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19.	XL Capital Ltd	General Comment	We welcome CEIOPS attempt to clarify the principles of supervision of intra-group transactions and risk concentration set out in the level 1 text.	Noted
20.	Milliman	1.2.	The financial crisis and 9/11 have highlighted that IGT and RC are influencing the risk profile of an undertaking. We encourage CEIOPS to predefine market scenarios to receive a quantitative feel for IGT and RC.	Noted
21.	Lloyd's	1.3.	In due course it would be helpful if CEIOPS could advise how risk concentration (RC) and intra group transactions (IGT) information at Group level might specifically be applied to influence supervision at the solo entity level.	This is affected by the participation of solo supervisors in the college of supervisors
22.	Association of British Insurers	1.4.	The overall approach in CP 61 appears to be influenced by the current banking crisis and proposes additional supervisory measures and possible restrictions from operating as a group of legal entities whilst potential benefits, for example through risk diversification across a group of legal entities and a group support mechanism, have been overlooked.	Disagree. CEIOPS considers it appropriate to consider these issues in relation to insurers. The reporting of RC & IGT is designed to capture info on the risks and benefits of group membership.
23.	CEA, ECO-SLV-09-455	1.4.	<p>The overall approach in CP 61 appears to be influenced by the current financial crisis and proposes additional supervisory measures and possible restrictions from operating as a group of legal entities; whilst potential benefits, for example through risk diversification across a group of legal entities and a group support mechanism, have not been included.</p> <p>We note that this CP is an own initiative paper by Ceiops. According to the Level 1 text the implementing measure in Article 248 (RC) and Article 249 (IGT) are only optional ("may"). In general, we would be not opposed to developing adequate Level 2 implementing measures in this area. This could enhance supervisory convergence in this area.</p>	Noted

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24.	Pearl Group Limited	1.4.	The overall approach in CP 61 appears to be influenced by the current banking crisis and proposes additional supervisory measures and possible restrictions from operating as a group of legal entities whilst potential benefits, for example through risk diversification across a group of legal entities and a group support mechanism, have been overlooked.	Disagree. The reporting of RC & IGT is designed to capture info on the risks and benefits of group membership.
25.	XL Capital Ltd	2.3.	We would welcome clarification on the definition of what constitute a Group.	The definition and scope of a group is covered in CP 60.
26.	Association of British Insurers	3.1.	Consistency with the principles of the Insurance Groups Directive (IGD) and Financial Conglomerates Directive (FCD) is desirable.	Noted.
27.	CEA, ECO-SLV-09-455	3.1.	Consistency with the principles of the Insurance Groups Directive (IGD) and Financial Conglomerates Directive (FCD) is desirable.	Noted.
28.	European Insurance CFO Forum	3.1.	Comments in 3.41 are also relevant here.	Noted.
29.	Investment & Life Assurance Group (ILAG)	3.1.	We concur with principle of basing on IGD & FCD.	Noted.
30.	Pearl Group Limited	3.1.	Consistency with the principles of the Insurance Groups Directive (IGD) and Financial Conglomerates Directive (FCD) is desirable.	Noted.
31.	RBS Insurance	3.1.	We agree that the supervision of IGT and RC should be built on the principles of the Insurance Group Directive and be consistent with	Noted.

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			the Financial Conglomerates Directive.	
32.	AAS BALTA	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant " vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
33.	AB Lietuvos draudimas	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant " vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
34.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.2.	Difference between Significant and Very Significant IGT has to be detailed	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
35.	CEA, ECO-SLV-09-455	3.2.	The CP does not give any information about the difference between significant and very significant IGT. We would recommend to define these concepts or to give further details, in order to harmonise the treatment of IGT.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
35b	FFSA	3.2	The CP does not give any information about the difference between significant and very significant IGT. FFSA would recommend to precise it, in order to harmonise the treatment of it.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
36.	DENMARK: Codan Forsikring A/S (10529638)	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant " vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
37.	European	3.2.	Differences between the level 1 text and the IGD are highlighted	Noted.

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	Insurance CFO Forum		<p>however the treatment of these is not considered in the level 2 implementation measures.</p> <p>Differences between the level 1 text and the IGD, including the concept of "significant" and "very significant" are highlighted. However the subsequent interpretation and treatment of these is not considered within the consultation paper. We recommend that further clarity around these differences is included in level 2.</p> <p>Further, in the fifth bullet, we recommend that the consultation paper should make a suggestion for thresholds that ensures all supervisors take a consistent approach.</p>	
38.			Confidential comment deleted	
39.	Link4 Towarzystw o Ubezpieczeń SA	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant" vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
40.	Lloyd's	3.2.	<p>The consultation paper does not provide further explanation of the definitions of "significant" and "very significant" RC or IGT. It may not be possible to prove precise definitions, but we strongly recommend that, when interpreting these concepts, supervisors apply the following principles:</p> <ul style="list-style-type: none"> - supervisors continue to apply the principle of proportionality in assessing the 'significance' of an RC or IGT - supervisors consider significance with regard to the risk of insolvency, and not solely in relation of the size of the RC/IGT to the SCR (or MCR). - supervisors seek to ensure consistency in the definition of significance across groups and supervisors (but this does not 	CEIOPS considers that the materiality of transactions may be dealt with at Level 3. CEIOPS accepts that the proportionality principle should apply in determining significance.

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			necessarily mean reporting thresholds will be the same) - supervisors consider the underlying capital structure of the group, and the nature of the RC/IGT, when determining the significance of the RC/IGT.	
41.	NORWAY: Codan Forsikring (Branch Norway) (991 502)	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant" vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
42.	RBS Insurance	3.2.	3rd bullet point - Further clarification is required on the Level 1 text to distinguish between "significant" and "very significant" IGT; The consultation paper has not addressed this point.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
43.	RSA Insurance Group PLC	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant" vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
44.	RSA Insurance Ireland Ltd	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant" vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
45.	RSA - Sun Insurance Office Ltd.	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant" vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
46.	SWEDEN: Trygg-Hansa Försäkrings AB (516401- 7799)	3.2.	It would be helpful if CEIOPS could provide guidance on what constitutes "significant" vs "very significant" Intra-Group Transactions.	CEIOPS considers that the materiality of transactions may be dealt with at Level 3.
47.	XL Capital	3.2.	We find it important that colleges of supervisors define thresholds	Agree that consistent thresholds

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	Ltd		in a consistent basis across groups. We would therefore welcome more quantified parameters from CEIOPS for the definition of the thresholds to be used for the monitoring of IGT and RC.	should be applied within a group. However, the group supervisor, in consultation with the college should have the ability to set specific thresholds based on the SCR or technical provisions dependant on the risk profile of the individual group.
48.	CEA, ECO-SLV-09-455	3.4.	The definition taken from the FCD is quite unclear and therefore requires interpretation by Ceiops. A clear definition would have been the following: any contract between two undertakings of a group. Instead, the Level 1 text covers also indirect relations and non-contractual relations. It is unclear what indirect relations mean and how they are to be identified. The same applies to non-contractual relations. Apart from dividends (see 3.10), we cannot think of any transactions.	The definition is from the Level 1 text, not the FCD.
49.	CRO Forum	3.5.	Please refer to our general comments on references to the FCD.	Noted.
50.	European Insurance CFO Forum	3.5.	Comments in 3.41 are also relevant here.	Noted.
51.	Association of British Insurers	3.6.	See comment under 3.42	Noted.
52.	CEA, ECO-SLV-09-455	3.6.	See comment to 3.42.	Noted.
52b	FFSA	3.6	The CP defines the scope of IGT and RC. However, we would like to clearly exclude the following undertaking within the scope: A has a significant influence on C, B has a dominant influence on C. A and B	It is not clear what this means in terms of reporting for RC&IGT. A and B could form part of the

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			should not be considered as related parties.	same group so would be included for the purposes of consolidation.
53.	CEA, ECO-SLV-09-455	3.7.	<p>We agree that the scope of the IGD should continue. We do not understand the further remarks though. The term “participating” or “related undertaking” under the IGD already covers all kinds of undertakings, whether regulated or not.</p> <p>1. The necessity of supervising all or certain IGT with branches has to be further analysed.</p> <p>2.</p>	Accepted. The intention is to capture IGT that may not directly involve an insurance undertaking.
54.	Investment & Life Assurance Group (ILAG)	3.7.	<p>For a group with a large number of non insurance companies there could be considerable extra work.</p> <p>The expansion of entities falling within the reporting may give rise to practical difficulties in obtaining the information - what about entities where they have been excluded from group supervision due to impediments to the transfer of necessary information?</p> <p>Inclusion of branches seems misplaced as part of same legal entity.</p>	It is possible that undertakings in a group are exposed to entities excluded from the group calculation due to insufficient information. It is important that such transactions are captured to assess the risk to the entity in the group and discourage regulatory arbitrage.
55.	RBS Insurance	3.7.	We recognise the potential importance of transactions involving unregulated entities and agree with the enlarging the scope of IGT, however, we believe that further consideration should be given to the application of materiality concept and proportionality principles.	Agreed.
56.	Association of British Insurers	3.9.	We would highlight that a number of significant IGT are not mentioned in the consultation paper (eg intra group CDS and hedges, those involving the conversion or return of capital). There may also be significant intercompany accounts (other than loans) which are used as a de facto funding mechanism and the repayment of which could have implications for the liquidity and stability of the participating undertakings.	CEIOPS did not intend to give an exhaustive list of IGT, but rather provide some examples that are common to many groups.

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57.	CEA, ECO-SLV-09-455	3.9.	<p>There are a number of IGT which are significant but not mentioned in the consultation paper (eg intra group CDS and hedges, those involving the conversion or return of capital).</p> <p>There may also be significant intercompany accounts (other than loans) which are used as a de facto funding mechanism and the repayment of which could have implications for the liquidity and stability of the participating undertakings</p> <p>We note that the requirements to provide information on agreements to share costs and whether transactions are at arm's length, could result in unintended information being provided to (e.g.) tax authorities for enquiries regarding transfer pricing (assuming a gateway exists within Government for this information to be provided).</p>	CEIOPS did not intend to give an exhaustive list of IGT, but rather provide some examples that are common to many groups.
58.	Investment & Life Assurance Group (ILAG)	3.9.	The requirements to provide info on agreements to share costs and whether transactions are at arm's length, would give enhanced information to tax authorities for enquiries re transfer pricing.	Noted, but this is a continuation of existing practice under the IGD and there is no reference to transferring information to tax authorities.
59.	Association of British Insurers	3.10.	See comment under 3.9	Noted.
60.	CEA, ECO-SLV-09-455	3.10.	<p>See comment to 3.9.</p> <p>The following do not seem to be transactions; calls for own funds (the call itself? Or rather the consequent investment, which is covered anyway?), fees and commissions (these are part of a transaction, but not a transaction in itself).</p>	Agreed. Intention is to capture the movement of own funds or payment of fees and commissions.
61.	Lloyd's	3.10.	With regard to dividends, we believe the emphasis should be on	Noted. CEIOPS considers that the

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			<p>dividend policy rather than individual dividend payments</p> <p>CEIOPS may also wish to consider the underlying rationale for any IGT. For example, is it for capital optimisation, tax purposes or a genuine risk transfer?</p>	<p>dividend policy may be captured in the qualitative material that would accompany the reporting.</p>
62.	AAS BALTA	3.11.	<p>We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".</p>	<p>Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.</p>
63.	AB Lietuvos draudimas	3.11.	<p>We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".</p>	<p>Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.</p>
64.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.11.	<p>For a smaller group with less resources, it is reasonable to have an annually reporting</p>	<p>The Level 1 text requires reporting at least annually.</p>
65.	Association of British Insurers	3.11.	<p>We believe that IGT which are not at arms' length should normally be reported annually and more frequently where it is very material. We would expect this to be considered in the wider Pillar II process.</p>	<p>Agreed.</p>

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66.	CRO Forum	3.11.	As mentioned in our general comments, this is an illustration of recommendations which appear to be too generic. What type of "costs associated with the transaction" should be reported and to which extent is such reporting meaningful for regulatory purposes. In addition, while we agree that the arm's length principle is key with respect to IGT, we do not think that the other principles to be followed according to CEIOPS relating to the "protection of policyholders" are clear enough or even appropriate for any type of IGT.	Noted.
66b	FFSA	3.11	FFSA considers that the IGT not at arm length's should be reported annually, and not at least annually. We ask for the 'at least' to be deleted.	
67.	DENMARK: Codan Forsikring A/S (10529638)	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.
68.	DIMA (Dublin International Insurance & Management	3.11.	We recommend that significance needs to have regard to both the financial scale and the materiality of the transaction in addition to the arm's length nature in such a determination.	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.
69.			Confidential comment deleted	
70.	Link4 Towarzystw o Ubezpieczeń	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.

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	SA		automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".	
71.	Lloyd's	3.11.	<p>Arms-length transactions: It may not always be straightforward to demonstrate that a transaction is on 'arms-length' terms, particularly if it is not possible to reference a similar transaction in the open market. In addition there is no generally accepted methodology for assessing whether a transaction is on arms-length terms (in the UK the tax authorities recognise a number of approaches). We strongly recommend that the principle of proportionality should apply, taking into account the potential size of the transaction and also the degree to which the terms of a transaction are considered to deviate from an arms-length basis. CEIOPS could develop more detailed criteria in level 3 guidance regarding how transactions are to be assessed on 'arms-length' terms.</p> <p>It is important to point out that a group may have many relatively small IGTs in the form of facultative intra-group reinsurance (for example where a solo entity may have a facility to reinsure large risks with the parent). Again we recommend that the principle of proportionality should apply here. It may also be helpful to consider IGT in the wider sense of a whole facultative treaty, rather than each reinsurance arrangement in isolation.</p>	<p>Accepted. Materiality should be included in the assessment of transactions not carried out at arms length. CEIOPS acknowledges that the identification of transactions not carried out at arms length may be difficult.</p> <p>Noted. CEIOPS has recommended to consider the aggregate effect of IGT in the development of reporting thresholds.</p>
72.	NORWAY: Codan Forsikring (Branch Norway) (991 502	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.

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73.	RBS Insurance	3.11.	We support the reporting requirement for IGT not carried out at arms length, however a materiality concept should be applied as not all transactions not carried out at arms length are of high risk.	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.
74.	RSA Insurance Group PLC	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.
75.	RSA Insurance Ireland Ltd	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.
76.	RSA - Sun Insurance Office Ltd.	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that the materiality of the transaction would define whether it was "significant".	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.
77.	SWEDEN: Trygg-Hansa Försäkrings AB (516401-7799)	3.11.	We would have thought that in most instances IGT will be performed on an arms length basis in order to comply with tax requirements. However, we do not consider that just because an IGT is not performed on an arms length basis it should be automatically treated as "significant" and would have thought that	Accepted. Materiality should be included in the assessment of transactions not carried out at arms length.

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			the materiality of the transaction would define whether it was "significant".	
78.	Association of British Insurers	3.12.	The requirements here should be proportionate and link to identified risks in the Pillar II review. This comment also applies to 3.14 and 3.15.	Noted.
79.	CEA, ECO-SLV-09-455	3.12.	The requirements here should be proportionate and link to the identified risks in the Pillar II review. This comment also applies to 3.14 and 3.15.	Noted.
80.	Pearl Group Limited	3.12.	The requirements here should be proportionate and link to identified risks in the Pillar II review. This comment also applies to 3.14 and 3.15.	Noted.
81.	CEA, ECO-SLV-09-455	3.13.	We understand Article 249 (1) as reference to 2) and 3) of Article 249 and the entire Article 250. Further we understand the reference as a clarification of what is already said in Article 250 (1), i.e. that procedures to monitor RC and IGT are part of the group's internal control mechanisms. We cannot see though that Article 250 requires capturing qualitative inter-linkages. In our view, this is limited to financial data. The other aspects should be covered by the supervision of outsourcing (whether intra-group or not).	Disagree. CEIOPS does not interpret Article 250 in a way that limits it to just financial data as it explicitly links to the Pillar II requirements.
82.	CEA, ECO-SLV-09-455	3.14.	It should be said to which extent the reporting mentioned here is part of the RTS (alignment with CP58).	Agreed. This is best addressed in section on reporting.
83.	International Underwriting	3.14.	There is no indication of how the reporting is to be undertaken. A stand-alone report would impose a burden on supervisors and	Noted. The reporting should be included in the annual RTS.

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	Association of London		regulated entities. The reporting should be incorporated in other annual submissions.	
84.	Association of British Insurers	3.15.	The CP does not give information on the frequency of the reporting. The reporting in 3.15 should not lead to a separate reporting but should be part of the SFCR and/or RTS for the group.	The Level 1 text requires reporting at least annually. Agree that reporting of RC&IGT should align with other Pillar II reporting requirements.
85.	CEA, ECO-SLV-09-455	3.15.	<p>The CP does not give information on the frequency of the reporting. The reporting in 3.15 should not lead to a separate reporting but should be part of the SFCR and/or RTS for the group.</p> <p>We therefore ask for the paragraph to be amended as follows: "...a description of how a group's governance account for IGT should be included in the annual reporting".</p> <p>We believe that 3.15 leads to a confusion of IGT and outsourcing. If a certain sharing of functions is not notable from an outsourcing point of view (even if carried out with external parties), there is no need to pay particular attention if the same operation is carried out intra-group. Article 48 requires undertakings to notify supervisors prior to the outsourcing of critical or important functions or activities. Intra-group transactions should not mixed up with such a requirement.</p>	<p>The Level 1 text requires reporting at least annually. Paragraph clarified.</p> <p>Agreed – deleted.</p>
85b	FFSA	3.15	The CP does not give information on the frequency of the reporting. FFSA recommends to add "a description of how a group's governance systems account for IGT should be included in the ANNUAL reporting".	The Level 1 text requires reporting at least annually.
86.	DIMA (Dublin)	3.15.	The required reporting could be quite extensive and may be onerous for groups.	Noted.

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	International Insurance & Management			
87.	Pearl Group Limited	3.15.	The CP does not give information on the frequency of the reporting. The reporting in 3.15 should not lead to a separate reporting but should be part of the SFCR and/or RTS for the group.	The Level 1 text requires reporting at least annually. CEIOPS intent is that this is captured as part of the RTS.
88.	AAS BALTA	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	
89.	AB Lietuvos draudimas	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
90.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.16.	It is not the role of the supervisor to manage group-specific risk	Agreed and amended.
91.	Association of British Insurers	3.16.	2. We agree that intra-group exposures should be considered as part of the supervisory review process: however, we would highlight that it is not the supervisors' role to 'manage group-specific risk', but rather to supervise the processes by which management seeks to identify and manage these risks effectively.	Agreed and amended.
92.	CEA, ECO-SLV-09-455	3.16.	10. We agree that intra-group exposures should be considered as part of the supervisory review process: however, we would suggest that it is not the supervisors' role to 'manage group-specific risk', but rather to supervise the processes by which management seeks to identify and manage these risks effectively. 11.	Agreed and amended.

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93.	DENMARK: Codan Forsikring A/S (10529638)	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
94.			Confidential comment deleted	
95.	Link4 Towarzystw o Ubezpieczeń SA	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
96.	NORWAY: Codan Forsikring (Branch Norway) (991 502	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
97.	Pearl Group Limited	3.16.	We agree that intra-group exposures should be considered as part of the supervisory review process: however, we would highlight that it is not the supervisors' role to 'manage group-specific risk', but rather to supervise the processes by which management seeks to identify and manage these risks effectively.	Agreed and amended.
98.	RSA Insurance Group PLC	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
99.	RSA Insurance Ireland Ltd	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.

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100.	RSA - Sun Insurance Office Ltd.	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
101.	SWEDEN: Trygg-Hansa Försäkrings AB (516401-7799)	3.16.	Wording in 3.16 suggests that it is the supervisor's role to manage group-specific risks as opposed to managements.	Agreed and amended.
102.	RBS Insurance	3.17.	The Level 1 text definition of "Concentration risk" requires further clarification, in particular "loss potential" and "threats to the solvency or the financial position".	Noted. This may be addressed at Level 3.
103.	Association of British Insurers	3.18.	<p>We welcome CEIOPS' efforts to define RC based on the Level 1 definition of Concentration Risk and the definition of the FCD. However we would ask some further clarification on the following:</p> <p> "all risk exposures with a potential loss...". There is not much detail on what constitutes a " potential loss ": how are risk exposures assumed to be concentrated? Is it because they are affected by a common event, or a series of events, or environmental circumstances - such as macroeconomic environment?</p> <p> "...a loss potential which is large enough to threaten the solvency or financial position...". Again, there is not much detail on what is a threat to solvency or to the financial position: what size of loss? What probability/likelihood? Solvency/financial position of the group or local entities?</p>	Noted. This may be addressed at Level 3.
104.	CEA, ECO-SLV-09-455	3.18.	The paper makes an effort to define RC based on the Level 1 definition of Concentration Risk and the definition of the FCD. The result leaves however a lot of issues quite vague and subject to a wide range of potential interpretations:	Noted. This may be addressed at Level 3.

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			<p>“all risk exposures with a potential loss...”. There is not much detail on what constitutes a “ potential loss “: how are risk exposures assumed to be concentrated? Is it because they are affected by a common event, or a series of events, or environmental circumstances - such as macroeconomic environment?</p> <p>“...a loss potential which is large enough to threaten the solvency or financial position...”. Again, there is not much detail on what is a threat to solvency or to the financial position: what size of loss? What probability/likelihood? Solvency/financial position of the group or local entities?</p>	
105.	CRO Forum	3.18.	Please refer to our general comments on references to the FCD.	Noted.
106.	European Insurance CFO Forum	3.18.	Comments in 3.41 are also relevant here.	Noted.
107.	Pearl Group Limited	3.18.	<p>1. We welcome CEIOPS’ efforts to define RC based on the Level 1 definition of Concentration Risk and the definition of the FCD. However we would ask some further clarification on the following:</p> <p><input type="checkbox"/> “all risk exposures with a potential loss...”. There is not much detail on what constitutes a “ potential loss “: how are risk exposures assumed to be concentrated? Is it because they are affected by a common event, or a series of events, or environmental circumstances - such as macroeconomic environment?</p> <p><input type="checkbox"/> “...a loss potential which is large enough to threaten the solvency or financial position...”. Again, there is not much detail on what is a threat to solvency or to the financial position: what size of loss? What probability/likelihood? Solvency/financial position of the</p>	Noted. This may be addressed at Level 3.

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			group or local entities?	
108.	CRO Forum	3.19.	Please refer to our general comments on references to the FCD.	Noted.
109.	European Insurance CFO Forum	3.19.	Comments in 3.41 are also relevant here.	Noted.
110.	AAS BALTA	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	
111.	AB Lietuvos draudimas	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted.
112.	Association of British Insurers	3.20.	<p>Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements. For groups the effect of risk concentrations should be part of the determination of the diversification benefit. (In essence risk concentration is a negative diversification effect)</p> <p>We do not understand the examples "concentrated risk to interest rate and spread fluctuations".</p> <p>For groups RC should in our view solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p>	<p>Agree that RC at solo level is factored into the solo SCR calculation. However, this does not address the concentration of risk that may arise at group level.</p> <p>Noted.</p>
113.	CEA, ECO-SLV-09-455	3.20.	<p>We agree with the explanation on risk concentrations but have a number of comments.</p> <p>Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements. For groups the effect of risk concentrations should be part of the determination of the diversification benefit. (In essence risk concentration is a negative diversification effect). For groups</p>	<p>Agree that RC at solo level is factored into the solo SCR calculation. However, this does not address the concentration of risk that may arise at group level.</p>

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			<p>RC should in our view solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group. We would limit RC to risks of single undertaking which are aggregated at a group level. Not aggregated (group wise) risks of single undertakings should be covered at solo level.</p> <p>We do not understand the examples "concentrated risk to interest rate and spread fluctuations".</p> <p>The reference to "firm" should be deleted.</p>	<p>Group-specific risks should be dealt with at group level. See also CP 60.</p>
114.	CRO Forum	3.20.	<p>We agree with the explanation on 'Risk Concentrations', but feel that the subsequent explanation and examples on 'Concentration Risks' is a bit confusing.</p> <p>We note the following:</p> <p>1) Concentration risks are perhaps more broad "top down" risk, eg exposure to a particular risk category; whereas 'Risk Concentration' is perhaps more "bottom up" relating to specific risk types, counterparties, industry sectors or geographic locations. Nevertheless the distinction is perhaps one of granularity, and the important thing is to make appropriate allowance for both, while not double counting the risk</p> <p>2) Concentration risks and Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements. For insurance groups risk the effect of concentration risks should be part of the determination of the diversification benefit. (In essence risk concentration is a negative diversification effect). Eg if a business has 90% of its risk in one particular risk category, then the diversification benefit will likely be lower</p> <p>3) The paper provides an example "concentrated risk to</p>	<p>Noted</p> <p>Agree that RC at solo level is factored into the solo SCR calculation. However, this does not address the concentration of risk that may arise at group level.</p>

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			<p>interest rate and spread fluctuations". We note that the majority of insurance business includes discounting and hence involves interest rate risk. This is not specific for insurance groups but an issue that relates to insurance business in general.</p> <p>For insurance groups RC should in our view solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p>	Noted
115.	DENMARK: Codan Forsikring A/S (10529638)	3.20.	<p>We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.</p>	
116.	European Insurance CFO Forum	3.20.	<p>The definition of risk concentration requires expansion and clarification.</p> <p>The CFO Forum agrees with the explanation on risk concentration in principle. However, the CFO Forum notes that:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Risk concentration should be considered as part of the overall risk assessment and should be appropriately reflected in the capital requirements. For insurance group risks, the effect of risk concentration should be part of the determination of diversification benefits (risk concentration is in effect, a negative diversification effect). <input type="checkbox"/> The paper uses "interest rate and spread fluctuations" as examples of concentrated risk. The majority of insurance business includes discounting and hence involves interest rate risk. This is not specific for insurance groups, but rather an issue that relates to insurance business in general. <p>It is the CFO Forum's view that for insurance groups, risk concentration should refer solely to the additional concentration</p>	<p>Agree that RC at solo level is factored into the solo SCR calculation. However, this does not address the concentration of risk that may arise at group level.</p>

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			that may arise as a result of combining various insurance undertakings within a group.	
117.	Groupe Consultatif	3.20.	See also our general comment. Perhaps an example of risk concentration in insurance risk would be clearer. We think that the example given under 3.20 will or should already be reflected in the market risk models and diversification models. For example all insured lives may be concentrated in a small area with a high potential earthquake risk. The normally assumed independent volatility need to be modelled in a less independent way. In special cases it can take over the "pandemic" extreme event as being the most important catastrophe for the insurance company. Normally groups will have as group less problems with concentration risk. Forming a group of insurance companies is one of the tools to reduce concentration risk	Noted. CEIOPS agrees with point on potential benefit of groups in addressing this issue.
118.	Link4 Towarzystwo Ubezpieczeń SA	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted
119.	NORWAY: Codan Forsikring (Branch Norway) (991 502)	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted
120.	Pearl Group Limited	3.20.	Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements. For groups the effect of risk concentrations should be part of the determination of the diversification benefit. (In essence risk concentration is a negative diversification effect)	Agree that RC at solo level is factored into the solo SCR calculation. However, this does not address the concentration of risk that may arise at group level.

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			<p>We do not understand the examples "concentrated risk to interest rate and spread fluctuations".</p> <p>For groups RC should in our view solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p>	
121.	RBS Insurance	3.20.	In our view, the risk concentration should be assessed as part of the ORSA process and reflected in the capital requirements. For groups it would have a negative diversification effect.	Agree that RC at solo level is factored into the solo SCR calculation. However, this does not address the concentration of risk that may arise at group level.
122.	RSA Insurance Group PLC	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted
123.	RSA Insurance Ireland Ltd	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted
124.	RSA - Sun Insurance Office Ltd.	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted
125.	SWEDEN: Trygg-Hansa Försäkrings AB (516401-7799)	3.20.	We find the explanation of the differences between risk concentration and concentration risk to be very confusing which requires further clarification.	Noted
126.	ACA -	3.21.	Modelling the interrelationships and interdependencies between	Disagree that an assessment of

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	ASSOCIATION DES COMPAGNIES D'ASSURANCES DU		different risk categories need having an internal model, So how to do if the company choose the standard model?	RC and IGT would always necessitate an internal model.
127.	CEA, ECO-SLV-09-455	3.21.	In cases where an internal group risk model exists, it can be expected that risk concentration are captured by this model, and the supervision of RC should be based on that model.	Noted
128.			Confidential comment deleted	
129.	Lloyd's	3.21.	In order to measure RC, appropriate management systems should be in place to ensure that RC information is being collected on a consistent basis across the group. For example the name of an individual counterparty should be recorded consistently across various IT systems. We are surprised that there is little commentary surrounding the quality of MI to allow for the effective measurement of RC.	Noted.
130.	CEA, ECO-SLV-09-455	3.22.	We believe that the scope should be narrower. Contrary to IGT, natural persons who are not part of the group but hold a participation should not and cannot be included in the scope for RC.	Disagree
131.	RBS Insurance	3.22.	Further clarification is required as to the scope of RC (...“the scope of entities referred to in relation to IGT”...). The CP refers to FCD definition of risk concentration and the definition refers to all entities within financial conglomerate (see page 10, foot note 6). The allowance of the application of materiality concept and	Noted. The proportionality principle shall apply, including in the case of financial conglomerates.

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			proportionality principle would be essential for insurance groups being part of financial conglomerate as it would place an enormous burden on the firms and on the supervisors.	
132.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.23.	Risk from outside the group has to be more detailed in terms of conditions to be considered	Noted.
133.	Association of British Insurers	3.23.	<p>The failure of an ancillary own fund service provider is not a risk which is specific to groups.</p> <p>In general the CP is not clear whether RC is within or outside of the group.</p> <p>Indeed, this section says that RC should include risks from outside the group, referring to a very limited example on third party service provider. This should be clearer.</p>	Agreed. CEIOPS considers it prudent to consider risks from outside the group.
134.	CEA, ECO-SLV-09-455	3.23.	<p>This risk is not specific to a group but can also apply to a solo undertaking.</p> <p>Furthermore it is debatable whether a group is able to exercise more power towards such a ancillary service provider than a solo undertaking.</p> <p>In general the CP is not clear whether RC is within or outside of the group.</p> <p>Indeed, this section says that RC should include risks from outside the group, referring to a very limited example on third party service provider. This should be clearer. The Level 1 text refers to RC at group level. This obviously indicates that reporting of RC should not</p>	CEIOPS considers it prudent to consider risks from outside the group.

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			include risk exposures arising from outside the group or at least risk exposures which could arise from outside a solo undertaking as well.	
134b	FFSA	3.23	The CP is not clear on the fact that RC is within or out of the Group. Indeed, this section says that RC should include risks from outside the group, referring to a really limited example on third party service provider. This should be more clearer.	CEIOPS considers it prudent to consider risks from outside the group.
135.	CRO Forum	3.23.	We believe that supervision of RC should not lead to supervising any type of legal risk that may arise from a legal or contractual arrangement with a third party, especially when such arrangement is already captured by other provisions of the Solvency II directive (such as the provisions on outsourcing).	Noted
136.			Confidential comment deleted	
137.	RBS Insurance	3.23.	In our opinion, increasing the scope to include entities outside the group is not consistent with the Level 1 text, Article 248, which refers to supervision of risk concentration at group level only. The risk prescribed in the example given ("the failure of an ancillary service provider that provides critical services") should be dealt with via ORSA process and reflected in the capital requirements.	Disagree. Supervision at group level does not imply considering risks only within the group.
138.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.24.	See comment 3.11.	Noted
139.	Association	3.24.	4. We agree that consistency with the solo and group SFCR	Noted

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	of British Insurers		principles is desirable. 5.	
140.	CEA, ECO-SLV-09-455	3.24.	We agree that consistency with the solo and group SFCR principles is desirable.	Noted
141.			Confidential comment deleted	
142.	Pearl Group Limited	3.24.	We agree that consistency with the solo and group SFCR principles is desirable	Noted
143.	RBS Insurance	3.24.	It is not very clear to us whether CEIOPS envisage IGT reporting as a separate reporting requirement or part of SFCR/RTS. A separate reporting requirement creates a risk of duplicate reporting, for example group governance, group risk, IGT are to be reported as part of SFCR. The frequency of the reporting has not been addressed in the CP.	CEIOPS considers RC & IGT to be part of the RTS. However, it may be appropriate to report specific transactions more frequently than just annually.
144.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.25.	See comment 3.11.	Noted
145.	Association of British Insurers	3.25.	See comment under 3.53	Noted
146.	CEA, ECO-SLV-09-455	3.25.	See comment to 3.53. The advice in 3.25-3.27 is not very specific and demonstrates that the concepts of IGT and RC are intuitive that may heavily depend	Noted

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			on the nature of the supervised group. We think that it will be very difficult to find a reporting format template would fit in most cases. It could be of value if there is a clear separation of minimum requirements (that would probably be part of the RTS) and a list of options that would be applied with consideration of their impact and the proportionality principle.	
146b	FFSA	3.25	FFSA strongly disagrees with the statement that reporting of RC and IGT may be more frequent than the annual reporting of the SFCR. This appears to be very burdensome for the companies.	Noted
147.			Confidential comment deleted	
148.	RBS Insurance	3.25.	See comment under 3.53	Noted
149.	XL Capital Ltd	3.25.	We believe that the reporting frequency for RC and IGT should be aligned with the reporting frequency specified in CP 58 for the SFCR and RTS. Reporting in complex groups could become particularly burdensome.	Noted
150.	Association of British Insurers	3.26.	Regarding the qualitative reporting of RC and IGT we believe that it should be limited in scope and agree that it could be carried out through the ORSA or the RTS.	Noted
151.	CEA, ECO-SLV-09-455	3.26.	Regarding the qualitative reporting of RC and IGT we believe that it should be limited in scope and agree that it could be carried out through the ORSA or the RTS.	Noted
152.	DIMA (Dublin International Insurance &	3.26.	These reporting requirements could potentially be very onerous. Regard has to be had as to the direction of the exposures in order for the reporting obligation to be consistent with the purpose of the reporting.	Noted. Materiality principle applies.

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	Management			
153.	European Insurance CFO Forum	3.26.	<p>Scope of reporting of risk concentration and intra-group transactions should be limited to ORSA and RTS.</p> <p>Qualitative reporting of risk concentrations and intra-group transactions should be limited in scope. They could be carried out through the Own Risk and Solvency Assessment (ORSA) or the Report to Supervisors (RTS).</p>	Noted
154.	XL Capital Ltd	3.26.	We believe that the level of detail for reporting for RC and IGT should not defer from the detail set out in CP 58 for the SFRC and RTS. Reporting in complex groups could become particularly burdensome.	Noted
155.	CEA, ECO-SLV-09-455	3.27.	See comment to 3.52.	Noted
155b	FFSA	3.27	<p>This paragraph states that RC should be presented with probability and scenario analysis, potentially included in ORSA.</p> <p>We consider this should be treated as a qualitative information. Quantitative information should be given about current situation only; there should be no stress scenarios.</p>	CEIOPS is not requiring stress testing for RC, but rather viewing it as a possible source of information within the Pillar II framework.
156.	DIMA (Dublin International Insurance & Management)	3.27.	As 3.26 above	Noted
157.	RBS Insurance	3.27.	We believe that the assessment of risk concentration should be performed as part of ORSA process and reported accordingly, as required under SFCR and RTS.	Noted

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158.	XL Capital Ltd	3.27.	See 3.26	Noted
159.	AAS BALTA	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	CEIOPS intention is that ex-ante reporting would be limited to exceptional circumstances based on the materiality principle.
160.	AB Lietuvos draudimas	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	CEIOPS intention is that ex-ante reporting would be limited to exceptional circumstances based on the materiality principle.
161.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.28.	The ex-ante reporting has to be strongly limited	CEIOPS intention is that ex-ante reporting would be limited to exceptional circumstances based on the materiality principle.
162.	Association of British Insurers	3.28.	See comment under 3.54	Noted
163.	CEA, ECO-SLV-09-455	3.28.	See comment to 3.54.	Noted
163b	FFSA	3.28	FFSA strongly disagrees with the ex-ante procedure of notification. As indicated in §3.29, this may create a regulatory burden on groups and supervisors.	Noted
164.	DENMARK: Codan	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to	CEIOPS intention is that ex-ante reporting would be limited to

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	Forsikring A/S (10529638)		"very significant" IGT.	exceptional circumstances based on the materiality principle.
165.	European Insurance CFO Forum	3.28.	<p>The CFO Forum does not support proposals that enable supervisors to influence commercial decisions.</p> <p>Ex-ante reporting of intra-group transaction proposals is subject to too much intervention by supervisors.</p> <p>1. The CFO Forum does not support proposals that would enable the supervisor to influence commercial decisions.</p> <p>2. In addition, the level 2 requirements should not go beyond those of level 1. For example, there should be no requirement for pre-notification of certain types of intra-group transaction. This would make reporting requirements too onerous.</p> <p>Comments in 3.54 are also relevant here.</p>	No intention to influence commercial decisions, but rather consider risks associated with transactions in advance. This is consistent with a prospective approach to supervision.
166.	European Union member firms of Deloitte Touche To	3.28.	Ex-ante reporting on complex transactions may be too ambitious and may lead to situations where risks may be understated or not fully understood.	Noted
167.			Confidential comment deleted	
168.	Investment & Life Assurance Group (ILAG)	3.28.	The specific circumstances are not identified, nor is any indication given of the nature or scale of such a transaction as would make it necessary for it to be reported. We think appropriate guidelines should be proposed.	CEIOPS considers this may be dealt with at Level 3.
169.	Ireland's Solvency 2	3.28.	We do not consider that ex ante reporting of intra-group transactions is a matter to be left to the national discretion of	Noted

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	Group, excluding representa		supervisors (as is currently the case). We believe that there should be consistency across the EU as to the precise circumstances in which ex ante reporting is required and national supervisors should not be permitted to go beyond these circumstances to require additional ex ante reporting, since as set out above, this can significantly hinder commercial dealings and could hamper the creation of a "level playing field" between member states. This comment applies to paragraphs 3.28 to 3.30.	
170.	Link4 Towarzystw o Ubezpieczeń SA	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	Noted
171.	NORWAY: Codan Forsikring (Branch Norway) (991 502	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	Noted
172.	RBS Insurance	3.28.	See comment under 3.54	Noted
173.	RSA Insurance Group PLC	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	Noted
174.	RSA Insurance Ireland Ltd	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	Noted
175.	RSA - Sun Insurance	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to	Noted

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	Office Ltd.		"very significant" IGT.	
176.	Solvency II Legal Group This response reflects the	3.28.	We note the interpretation that CEIOPS place on the level 1 text to the effect that Article 249 relates only to ex-post IGT reporting. We agree with that interpretation. We also note the comments in paragraph 3.29 to the effect that ex-ante reporting might create an additional regulatory burden and that the co-ordination among the different supervisors might prove complex. We do not consider that this potential additional burden is justified or proportionate.	Noted
177.	SWEDEN: Trygg-Hansa Försäkrings AB (516401- 7799)	3.28.	Whilst we understand that ex-ante reporting may be appropriate in certain circumstances we consider that this should be limited to "very significant" IGT.	Noted
178.	Association of British Insurers	3.29.	See also comment under 3.54	Noted
179.	CEA, ECO-SLV- 09-455	3.29.	We agree with the disadvantages of ex-ante reporting of IGT described in 3.29. Ex-ante reporting of IGT provides not only an additional reporting burden but may also hinder swift executions of IGT. The timeframe for assessing transactions should be as limited as possible in order not to hamper the ability of a group to exercise these IGT such as internal reinsurance / derivative arrangements. See also comment to 3.54.	Noted
179b	FFSA	3.29	Taking into account national frameworks governing IGT in the ex-ante procedure does not lead to a cross-border harmonisation. As such, FFSA strongly disapproves this statement.	Noted

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180.	CRO Forum	3.29.	We agree with the disadvantages of ex-ante reporting of IGT as described in 3.29: Ex-ante reporting of IGT does not only provide additional reporting burden to the undertaking but may also hinder time critical business steering activities. We believe that the governance system under Solvency II should be sufficient to require ex ante reporting of IGT only under exceptional circumstances.	Noted
181.	European Insurance CFO Forum	3.29.	Governance system under Solvency II should be sufficient to require ex-ante reporting of intra-group transactions only under exceptional circumstances. Comments in 3.28 are also relevant here.	Noted
182.	International Underwriting Association of London	3.29.	In our view ex-ante reporting would be cumbersome and inefficient, since it would inevitably cause delays in the commercial process. Timing can be very important with such transactions and it can be necessary to act promptly.	Noted. The reporting is not designed to influence commercial decisions.
183.	RBS Insurance	3.29.	See comment under 3.54	Noted
184.	Solvency II Legal Group This response reflects the	3.29.	See above.	Noted
185.	CEA, ECO-SLV-09-455	3.30.	We strongly disapprove of this statement. Indeed, references to national frameworks will lead to a risk of distortion of the European level playing field. Cross-border harmonisation should be the aim. See also comments to 3.29 and 3.54.	Noted

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186.	CRO Forum	3.30.	Reference to national frameworks should not necessarily imply deviation from harmonisation across Member States	Noted
187.	European Insurance CFO Forum	3.30.	Reconciling reporting difficulties to commercial requirements. Ex-ante reporting of intra-group transactions (IGT) may generate an additional reporting burden and if implemented poorly, could also hinder the speed of executions of IGT. Additionally, reference to national frameworks should not necessarily imply deviation from harmonisation across Member States. Comments in 3.28 are also relevant here.	Noted
188.	GROUPAMA	3.30.	Groupama would like to emphasize the difficulties which could be generated by onerous reporting of intra-group transactions. As those transactions are usually done to minimize an undertaking's risk exposure, CEIOPS should not delay their application for reporting and approval reasons. We think it is preferable to have annual ex-post reporting rather than annual ex-ante reporting of intra-group transactions since this is more profitable for optimising the entity's risk management.	Noted
189.	AAS BALTA	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted. Intention is to set thresholds that reflect the risks to the undertaking or group. CEIOPS may develop Level 3 guidance to promote the harmonisation of reporting thresholds.
190.	AB Lietuvos draudimas	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted. Intention is to set thresholds that reflect the risks to the undertaking or group. CEIOPS may develop Level 3 guidance to promote the harmonisation of reporting thresholds.

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191.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.31.	The notion of Thresholds is too vague and needs to be more detailed. Why CEIOPS would calibrate it to the SCR/MCR? How it would be measurable?	Level 1 text refers to thresholds based on the SCR and/or technical provisions.
192.	Association of British Insurers	3.31.	It is important to set appropriate thresholds. The IGD experience show that some thresholds have been set too low, resulting in reporting that is so onerous that supervisors could not analyse it. This should be taken into account in the context of Solvency II. See also comment under 3.55.	Noted
193.	CEA, ECO-SLV-09-455	3.31.	We disagree with basing thresholds on the MCR. It is important to set appropriate thresholds. There is evidence from the IGD experience that some thresholds have been set too low, resulting in reporting that is so onerous that supervisors could not possibly analyse it. The approach taken by Ceiops is a deviation from the Level 1 text. We consider that thresholds should be based on the maximum between the SCR and own funds, and not on the MCR. See also comment to 3.55.	Noted. Clarified in reference to the SCR.
193b	FFSA	3.31	FFSA considers that thresholds should be based on the maximum between SCR and own funds, and not on MCR.	Noted. Clarified in reference to the SCR.
194.	DENMARK: Codan Forsikring A/S	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted

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195.	European Insurance CFO Forum	3.31.	<p>Thresholds on reporting of risk concentration and intra-group transactions should be based on SCR (not own funds or MCR).</p> <p>The CFO Forum agrees that it is important to set appropriate thresholds. If thresholds are set too low, reporting may become onerous and in turn become difficult for supervisors to analyse. Thresholds should be set such that they are useful for supervisors and do not create an excessive burden for the reporting undertakings.</p> <p>The CFO Forum recommends that the thresholds on the reporting of risk concentration and IGT should be based on SCR (not "own funds" or "MCR" as suggested in the CP).</p>	Noted. Clarified in reference to the SCR.
196.			Confidential comment deleted	
197.	Investment & Life Assurance Group (ILAG)	3.31.	Concern re the identification of reporting and thresholds being at discretion of group supervisors. Possible lack of uniformity.	Harmonisation may be promoted through Level 3 guidance.
198.	Link4 Towarzystwo Ubezpieczeń SA	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted
199.	Lloyd's	3.31.	Because of the variation in group capital structures and also the variety in the nature and form of IGTs, it is important that thresholds are not necessarily set at the same level for all insurers, i.e. the supervisor has the ability to tailor thresholds for individual groups. We strongly recommend that supervisors have discretion to set different quantitative thresholds for different groups in order	Agreed

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			to take into account the unique features of each group.	
200.	NORWAY: Codan Forsikring (Branch Norway) (991 502)	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted
201.	Pearl Group Limited	3.31.	It is important to set appropriate thresholds. The IGD experience show that some thresholds have been set too low, resulting in reporting that is so onerous that supervisors could not analyse it. This should be taken into account in the context of Solvency II.	Noted
202.	RBS Insurance	3.31.	See comment under 3.55	Noted
203.	RSA Insurance Group PLC	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted
204.	RSA Insurance Ireland Ltd	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted
205.	RSA - Sun Insurance Office Ltd.	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted
206.	SWEDEN: Trygg-Hansa Försäkrings AB (516401- 7799)	3.31.	We consider that the thresholds for reporting RC and IGT are set at appropriate levels to avoid onerous levels of reporting that supervisors are unable to properly analyse.	Noted
207.	XL Capital	3.31.	See 3.2	Noted

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	Ltd			
208.	Association of British Insurers	3.32.	Thresholds for RC and IGT should be considered as part of the Pillar II review which we could expect to be predominantly a group analysis.	Noted
209.	CEA, ECO-SLV-09-455	3.32.	<p>Thresholds for RC and IGT should be based at group level.</p> <p>14. We disagree with setting thresholds and reporting at solo level. The proportionality principle has to be applied in group supervision. It follows from the Level 1 text, i.e. Article 211(3) Solvency II, that the Level 2 stipulations on risk concentrations and intragroup transactions should be aligned with the FCD, and further, that the requirements under Solvency II level II may not exceed the requirements of the FCD. The provision allows the group supervisor to waive the supervision, if the supervision according to the FCD applies. This would not make sense if Solvency II allowed that the supervision according to the FCD was less strict. Basing thresholds on solo figures would conflict Article 8 (2) of the FCD.</p> <p>See also comment to 3.20.</p>	No intention to require reporting at solo level, just that thresholds may be set in reference to both the solo and group SCR/technical provisions.
209b	FFSA	3.32	RC should be based at a group level. As such, RC thresholds at solo level should not be based on solo basis, but at a Group level.	Disagree. Thresholds at solo level are important to capture risks to individual undertakings.
210.	Pearl Group Limited	3.32.	Thresholds for RC and IGT should be considered as part of the Pillar II review which we could expect to be predominantly a group analysis.	Noted
211.	XL Capital Ltd	3.32.	See 2.3	Noted
212.	ACA - ASSOCIATIO	3.33.	The measurable limits for thresholds have to be more clear	Noted

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	N DES COMPAGNIE S D'ASSURAN CES DU			
213.			Confidential comment deleted	Noted
214.	Association of British Insurers	3.34.	See comment under 3.56	Noted
215.	CEA, ECO-SLV- 09-455	3.34.	See comment to 3.56.	Noted
215b	FFSA	3.34	<p>The CP does not include any information on quantitative thresholds, only qualitative considerations.</p> <p>We believe that in order to make harmonisation happen, some quantitative guidelines should be given, with a possible tolerance on a case-by-case basis that has to be discussed with the group supervisor.</p> <p>Also, the CP does not give any information on the process to determine and communicate the thresholds. This seems to be an important topic to be explicitly defined.</p>	<p>Thresholds are to be determined on a case-by-case basis on the SCR or technical provisions. CEIOPS proposes to look to groups internal frameworks as a basis for the thresholds.</p>
216.	RBS Insurance	3.34.	See comment under 3.56	Noted
217.	CRO Forum	3.35.	We fully agree with CEIOPS view that there should be a strong focus on the governance structure of a group when developing thresholds on RC and IGT and the importance of a strong reporting within the group.	Noted

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218.	Munich RE	3.35.	We fully agree with CEIOPS' view that there should be a strong focus on the governance structure of a group when developing thresholds on RC and IGT and the importance of a strong reporting within the group.	Noted
219.	Association of British Insurers	3.36.	See comment under 3.57	Noted
220.	CEA, ECO-SLV-09-455	3.36.	See comment to 3.57.	Noted
220b	FFSA	3.36	CEIOPS states that "supervisors should pay particular attention to scenarios where multiple transactions are linked to each other in terms of time, function and planning, even if each individual transaction value is below a given threshold" FFSA agrees with threshold assessment but suggests to limit analyses above threshold (and not below) even in case of multiple linked transactions	Noted
221.	European Insurance CFO Forum	3.36.	Methods to monitor transactions below the given thresholds are required. Transactions could be divided into smaller amounts to avoid reporting. The CFO Forum understands that this is not expected under sound management principles, but sees this as a risk that should nevertheless be addressed. The CFO Forum requires clarification as to how CEIOPS intends to monitor this risk.	CEIOPS may provide Level 3 guidance.
222.	RBS Insurance	3.36.	See comment under 3.57	Noted

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223.	Association of British Insurers	3.38.	We believe these requirements should be satisfied principally through the dialogue and reporting at Pillar II between the group and the group supervisor in consultation with the College.	Noted
224.	CEA, ECO-SLV-09-455	3.38.	<p>It is our view that some guidelines should be proposed to agree, for example, what are "significant" or "very significant" IGT/ RC and which should reported "in all circumstances" and that reporting should take place only annually.</p> <p>Further details are required on the abovementioned terms in order for there to be supervisory convergence. Whilst we support the involvement of colleges, we do not think that each college should decide what the terms mean. In addition, it is not clear whether the colleges will cover both reporting and approval.</p> <p>Furthermore, article 248 of the Framework Directive regarding RC does not deal with "very significant" RC, only "significant". We therefore ask for this section to be amended and to only refer to IGT (article 249). We would also ask for a clear definition of constitutes "very significant".</p>	<p>Noted. CEIOPS will make reference to the materiality principle.</p> <p>Level 3 may be used to promote harmonisation. CEIOPS view is that thresholds should reflect the risk profile of the group.</p> <p>Agreed</p>
224b	FFSA	3.38	<p>As a reminder, the SII 248 article regarding RC does not deal with "very significant" RC, only "significant". As such, FFSA considers this section should be amended and only refer to IGT (article 249).</p> <p>Also, clear definition of what very significant is should be given.</p>	Agreed
225.	European Insurance CFO Forum	3.38.	Comments in the general section and 3.54 are also relevant here.	Noted
226.	International Underwriting Association	3.38.	In order to ensure consistent treatment, we suggest that guidelines should be laid down to determine the distinction between "significant" and "very significant" RC and IGT.	Noted

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	of London			
227.	Investment & Life Assurance Group (ILAG)	3.38.	We believe some guidelines should be proposed to agree, for example, what are "significant" or "very significant" IGT/ RC and which should reported "in all circumstances" and when such reporting should take place.	Noted
228.	Pearl Group Limited	3.38.	We believe these requirements should be satisfied principally through the dialogue and reporting at Pillar II between the group and the group supervisor in consultation with the College.	Noted
229.	ACA - ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.39.	Risk of distortion between the smaller and large group	Proportionality principle applies
230.			Confidential comment deleted	Proportionality principle applies
231.	XL Capital Ltd	3.39.	See 3.2	Noted
232.	Association of British Insurers	3.40.	In our opinion these thresholds should be subject to common criteria. Reference may be sought in the thresholds as applied by the FCD. See comment under 3.32.	Noted
233.	CEA, ECO-SLV-09-455	3.40.	In our opinion these thresholds should be subject to common criteria. Reference may be sought in the thresholds as applied by the FCD. See comment to 3.32.	Noted

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234.	CRO Forum	3.40.	We agree that criteria for reporting on RC and IGT should be developed as part of the supervisory coordination arrangements in the various colleges of supervisors, under Level 3 guidance of CEIOPS to achieve convergence. As commented before (see our comments to 3.30), we believe this should apply to the insurance group in total and hence there should not be additional reporting requirements at the solo level.	No intention to require reporting at solo level.
235.	European Insurance CFO Forum	3.40.	<p>Reporting requirements for risk concentration and intra-group transactions should apply at group level.</p> <p>The CFO Forum agrees that the criteria for reporting on risk concentration and intra-group transactions should be developed as part of the supervisory coordination arrangements to achieve convergence between the college of supervisors and the level 3 guidance.</p> <p>The CFO Forum recommends that this principle should apply to the insurance group in total and hence there should not be additional reporting requirements at the solo level.</p> <p>Comments in the general section and 3.30 are also relevant here.</p>	No intention to require reporting at solo level.
236.	Munich RE	3.40.	We entirely agree that criteria for reporting on RC and IGT should be developed as part of the supervisory coordination arrangements in the various colleges of supervisors.	Noted
237.	XL Capital Ltd	3.40.	See 3.2	Noted
238.	Association of British Insurers	3.41.	We agree that the principles for the supervision of RC and IGT under Solvency II should be consistent with the IGD and FCD. However the scope defined in paragraphs 3.42 and 3.43 for IGT in this CP appears to be much wider than the scope of the IGD	Noted. CEIOPS intends to consider the outcomes of the FCD review.

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			<p>framework.</p> <p>The JCFC review of the FCD includes various recommendations and principles that cover many if not all of this CP. We are concerned that a separate CP by CEIOPS may result in inconsistency with the final decisions regarding the FCD review and or may result in additional requirements.</p>	
239.	CEA, ECO-SLV- 09-455	3.41.	<p>We agree that the principles for the supervision of RC and IGT under Solvency II should be consistent with the IGD and FCD.</p> <p>We agree with the proposed advice in this paragraph however the scope defined in paragraphs 3.42 and 3.43 for IGT in this CP appears to be much wider than the scope of the IGD framework.</p> <p>The implementation of a wider scope would require collection and processing of information which may not have any economic impact to the insurance undertakings, increasing the burden of reporting on both the undertakings and supervisory authorities.</p> <p>In addition, in some occasions undertakings may not have administrative control on some entities (e.g. branches or agencies overseas) which makes it practically not possible to report on their transactions. In addition, how should entities which have been excluded from group supervision due to impediments to the transfer of necessary information be treated?</p> <p>We propose that a principles based approach be adopted in determining the scope of IGT.</p> <p>The JCFC review of the FCD includes various recommendations and principles that cover many if not all of this CP. We are concerned that a separate CP by Ceiops may result in inconsistency with the final decisions regarding the FCD review and or may result in additional requirements.</p>	<p>Noted. CEIOPS does not intend there to be reporting at solo level. Intention is to capture RC and IGT that affect undertakings that fall within the scope of the group.</p>

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			As the IGD will be replaced by the Solvency II Directive "IGD and" should be deleted from 3.41.	
240.	CRO Forum	3.41.	Please refer to our general comments on references to the FCD.	Noted.
241.	European Insurance CFO Forum	3.41.	<p>Financial Conglomerates Directive (FCD) is in draft and is not tailored to insurance groups.</p> <p>Reference is made to the Financial Conglomerates Directive (FCD) as an important guideline for supervision of groups, however, this directive is currently in draft and is not being drafted with consideration to financial groups whose primary activity is insurance. Further, the scope of the FCD is significantly broader than the scope of Solvency II.</p> <p>It is inappropriate to provide detailed commentary on CP61 as it relies on the FCD, which itself is currently in draft and hence subject to change. The CFO Forum recognises the need for harmonisation between Solvency II and the FCD and recommends that CEIOPS should revisit the proposals in CP61 in view of the specific features of the insurance industry and the final requirements of the FCD.</p>	Noted. CEIOPS intends to consider the outcomes of the FCD review.
242.	German Insurance Association – Gesamtverb and der D	3.41.	<p>We agree that the principles for the supervision of RC and IGT under Solvency II should be consistent with the IGD and FCD.</p> <p>We agree with the proposed advice in this paragraph however the scope defined in paragraphs 3.42 and 3.43 for IGT in this CP appears to be much wider than the scope of the IGD framework.</p> <p>The implementation of a wider scope would require collection and processing of information which may not have any economic impact to the insurance undertakings, increasing the burden of reporting on both the undertakings and supervisory authorities.</p>	<p>Noted. CEIOPS intends to consider the outcomes of the FCD review.</p> <p>Noted. CEIOPS does not intend there to be reporting at solo level. Intention is to capture RC and</p>

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			<p>In addition, in some occasions undertakings may not have administrative control on some entities (e.g. branches or agencies overseas) which makes it practically not possible to report on their transactions. In addition, how should entities which have been excluded from group supervision due to impediments to the transfer of necessary information be treated?</p> <p>We propose that a principles based approach be adopted in determining the scope of IGT.</p> <p>The JCFC review of the FCD includes various recommendations and principles that cover many if not all of this CP. We are concerned that a separate CP by CEIOPS may result in inconsistency with the final decisions regarding the FCD review and or may result in additional requirements.</p> <p>As the IGD will be replaced by the Solvency II Directive "IGD and" should be deleted from 3.41.</p>	<p>IGT that affect undertakings that fall within the scope of the group.</p>
243.	Pearl Group Limited	3.41.	<p>We agree that the principles for the supervision of RC and IGT under Solvency II should be consistent with the IGD and FCD. However the scope defined in paragraphs 3.42 and 3.43 for IGT in this CP appears to be much wider than the scope of the IGD framework.</p>	<p>Noted. CEIOPS intends a broader scope for Solvency II.</p>
244.	RBS Insurance	3.41.	<p>We agree that the principles for the supervision of RC and IGT under Solvency II should be consistent with the IGD and FCD. However, we note that there are some inconsistencies already, for example the scope. The CP does not explain how the review of FCD and changes proposed will be dealt with. The JCFC recommendations issued so far have not been taking into account when drafting the advice.</p>	<p>Noted. CEIOPS intends to consider the outcomes of the FCD review.</p>

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245.	Association of British Insurers	3.42.	The proposed scope goes beyond the existing IGD and FCD requirements. Where additional information is required, from unregulated entities for example, it will be necessary to demonstrate that the costs of obtaining all the relevant information are justified in terms of the benefits for supervisors and the safety of policyholders. There should be an appropriate distinction between entities which are part of the group and other interests which are treated as equity investments.	Noted. Proportionality principle should apply.
246.	CEA, ECO-SLV-09-455	3.42.	The proposed scope goes beyond the existing IGD and FCD requirements. Where additional information is required, from unregulated entities for example, it will be necessary to demonstrate that the costs of obtaining all the relevant information are justified in terms of the benefits for supervisors and the safety of policyholders. There should be an appropriate distinction between entities which are part of the group and other interest which are treated as equity investments.	Noted. Proportionality principle should apply.
246b	FFSA	3.42	The CP defines the scope of IGT and RC. However, we would like to clearly exclude the following undertaking within the scope: A has a significant influence on C, B has a dominant influence on C. A and B should not be considered as related parties.	It is not clear what this means in terms of reporting for RC&IGT. A and B could form part of the same group so would be included for the purposes of consolidation.
247.	German Insurance Association – Gesamtverb and der D	3.42.	The proposed scope goes beyond the existing IGD and FCD requirements. Where additional information is required, from unregulated entities for example, it will be necessary to demonstrate that the costs of obtaining all the relevant information are justified in terms of the benefits for supervisors and the safety of policyholders. There should be an appropriate distinction between entities which are part of the group and other interest which are treated as equity investments.	Noted. Proportionality principle should apply.

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248.	Pearl Group Limited	3.42.	The proposed scope goes beyond the existing IGD and FCD requirements.	Noted
249.	RBS Insurance	3.42.	We believe that consideration should be given to the concept of materiality and proportionality when advising on an enlarged scope of IGT reporting.	Agreed
250.	Association of British Insurers	3.43.	See comment under 3.41	Noted
251.	CEA, ECO-SLV-09-455	3.43.	We are not convinced that branches should be included within the scope of IGT supervision. See also comment to 3.41.	Agreed – deleted.
252.	European Insurance CFO Forum	3.43.	Clarification of the scope of IGT on the group capital requirement is requested. The CFO Forum requests clarification on the consequences resulting from the inclusion of the items stated in this paragraph as part of the IGT reporting scope (e.g. impact on group capital requirement).	Noted
253.	German Insurance Association – Gesamtverb and der D	3.43.	The necessity of supervising all or certain IGT with branches has to be further analysed.	Noted
254.	RBS Insurance	3.43.	Further clarification is required whether CEIOPS considers all entities within financial conglomerate to be within the scope of IGT reporting.	Note Article 213(2).

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255.	Investment & Life Assurance Group (ILAG)	3.44.	See 3.9.	Noted
256.	RBS Insurance	3.44.	There are other significant intra group transactions which do not appear on the list. It is not clear to us whether the list of transactions to be reported is definite (especially that reference to "non exhaustive list" in 3.9 has been omitted in the proposed advice).	Noted
257.	Association of British Insurers	3.45.	The list of IGT now includes calls of own funds. We are unsure of what is implied here but are concerned that this might lead to double reporting and approval as this might already be covered under the approval of ancillary own funds. CEIOPS should replace dividends by dividends/coupons/interests.	Accepted and amended.
258.	CEA, ECO-SLV-09-455	3.45.	We have a number of comments on the list of items on which the supervision of IGT should pay particular attention to. The list of IGT now includes calls of own funds. We are unsure of what is implied here but are concerned that this might lead to double reporting and approval as this might already be covered under the approval of ancillary own funds. Ceioms considers that attention should also be paid on dividends, calls for own funds from undertakings to parent undertakings, fees and commissions, agreements for the centralised management of assets and liquidity in the group. We are not convinced that these items have to be considered as intra-group transactions, e. g. call for own funds would be supervised via ancillary own funds and fees and commissions are	Accepted and amended.

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			<p>not a "transaction", but would result from an underlying transaction/service.</p> <p>Ceiops should replace dividends by dividends/coupons/interests.</p>	
258b	FFSA	3.45	<p>CEIOPS considers that attention should also be paid on dividends, calls for own funds from undertaking to parent undertakings, fees and commissions, agreements for the centralised management of assets and liquidity in the group.</p> <p>CEIOPS should replace dividends by dividends/coupons/interests</p>	Accepted and amended.
259.	German Insurance Association – Gesamtverb and der D	3.45.	<p>We have a number of comments on the list of items on which the supervision of IGT should pay particular attention to.</p> <p>The list of IGT now includes calls of own funds. We are unsure of what is implied here but are concerned that this might lead to double reporting and approval as this might already be covered under the approval of ancillary own funds.</p> <p>CEIOPS considers that attention should also be paid on dividends, calls for own funds from undertakings to parent undertakings, fees and commissions, agreements for the centralised management of assets and liquidity in the group.</p> <p>We are not convinced that these items have to be considered as intra-group transactions, e. g. call for own funds would be supervised via ancillary own funds and fees and commissions are not a "transaction", but would result from an underlying transaction/service.</p> <p>CEIOPS should replace dividends by dividends/coupons/interests.</p>	Accepted and amended.
260.	Lloyd's	3.45.	See comment to 3.10 above.	Noted

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261.	Milliman	3.45.	The supervision should additionally take into consideration what rank of subordination guarantees or off-balance sheet transactions have, as the rank of subordination of such transactions defines the values in a winding-up situation.	Noted
262.	Pearl Group Limited	3.45.	The list of IGT now includes calls of own funds. We are unsure of what is implied here but are concerned that this might lead to double reporting and approval as this might already be covered under the approval of ancillary own funds. CEIOPS should replace dividends by dividends/coupons/interests.	Accepted and amended.
263.	Association of British Insurers	3.46.	Whether transactions are at-arms length or not should not dictate the significance of a transaction. We believe that an IGT should be considered 'significant' if the size, related risks or other qualitative factors (such as conflict of interest or reputational risk) could cause material loss to the group regardless of whether at-arms length or not. Generally undertakings carry out transactions at-arms length; however there are instances where undertakings need to follow tax and corporate law rules resulting in transactions not carried out at arms-length. The paragraph assumes that all transactions not carried out at-arms length are of high risk, which would only be the case if the undertaking is in breach of the governing rules around those transactions. We believe that the governance system promoted under Solvency II, with extensive management oversight with a compliance function, should be sufficient enough not to warrant this paragraph. An IGT that is not carried out at-arms length should only be considered significant if they are material.	Noted
264.			Confidential comment deleted	

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265.	CEA, ECO-SLV- 09-455	3.46.	We recommend that the reporting of IGT which are not carried out at arms length should be included in the RTS on an annual basis. Reporting on an annual rather than continuous basis will reduce the reporting burden for undertakings.	Noted
265b	FFSA	3.46	CEIOPS proposes that IGT not carried at arms length should be defined as "significant" FFSA recommends to say that it should be included in the SFCR on an annual basis	Noted
266.	CRO Forum	3.46.	While we agree that transactions not conducted at arms length is a factor to consider, we do not feel that it should be an absolute criteria for dictating the significance of a transaction, and the need for 'always reporting'. In general, companies carry out transactions at-arms length. If not, companies need to follow tax and corporate law rules. The CP is generalising and implicitly assuming that all transactions not carried out at-arms length are of high risk, which would ONLY be the case if companies breach governing rules around those transactions, and potentially attracting penalties or 3rd party claims. This is a compliance concern which should not be addressed in this CP. In general, an IGT should be considered 'significant' if the size, related risks or other qualitative factors (such as conflict of interest or reputational risk) could cause material loss to the Group, The matter of 'arms length' would be just one of the considerations in evaluating this.	Noted. Materiality principle to apply.
267.	DIMA	3.46.	We recommend that significance needs to have regard to both the	Agreed

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	(Dublin International Insurance & Management)		financial scale and materiality of the transaction in addition to the arm's length nature in such a determination.	
268.	European Insurance CFO Forum	3.46.	<p>The principle of proportionality should apply here.</p> <p>The CFO Forum recommends that the materiality of the IGT should also be taken into account so that only material IGT that are identified not to be carried out at arms-length are reported.</p> <p>A definition of "at arms-length" is also required.</p>	Agreed, A common definition of "at arms length" is difficult and CEIOPS would welcome suggestions from stakeholders.
269.	German Insurance Association – Gesamtverb and der D	3.46.	<p>We recommend that the reporting of IGT which are not carried out at arms length should be included in the RTS on an annual basis.</p> <p>Reporting on an annual rather than continuous basis will reduce the reporting burden for undertakings.</p>	Noted
270.	Lloyd's	3.46.	See comment to 3.11 above.	Noted
271.	Munich RE	3.46.	The materiality of the IGT has to be taken into account here as well, i.e. only the material IGT that are identified not to be carried out at-arms length should be reported.	Agreed
272.	Pearl Group Limited	3.46.	<p>Whether transactions are at-arms length or not should not dictate the significance of a transaction.</p> <p>We believe that an IGT should be considered 'significant' if the size, related risks or other qualitative factors (such as conflict of interest or reputational risk) could cause material loss to the group regardless of whether at-arms length or not.</p> <p>We believe that the governance system promoted under Solvency II, with extensive management oversight with a compliance function, should be sufficient enough not to warrant this paragraph.</p>	Noted. Materiality principle to apply.

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			An IGT that is not carried out at-arms length should only be considered significant if they are material.	
273.	RBS Insurance	3.46.	We believe that only material IGT transactions not carried out at arms length should be reported. See also comment under 3.10.	Noted. Materiality principle to apply.
274.	Association of British Insurers	3.47.	<p>We suggest that governance arrangements that affect IGT are included in the SFCR on an annual basis. The information asked by CEIOPS in point 3.47 may have already been given to the group supervisor (for example in the Governance part of the Solvency and Financial Condition Report). We therefore recommend not to ask companies to give several times the same information in different reporting.</p> <p>In addition, it may be difficult to evaluate the impact of management decisions taken at group level on the prudent management of undertakings.</p>	Noted. Reporting to be included in the RTS.
275.	CEA, ECO-SLV-09-455	3.47.	<p>We suggest that governance arrangements that affect IGT are included in the RTS on an annual basis.</p> <p>The information asked by Ceioms in point 3.47 may have already been given to the group supervisor (for example in the Governance part of the RTS). We therefore recommend not asking companies to give several times the same information in different reporting.</p> <p>In addition, it may be difficult to evaluate the impact of management decisions taken at group level on the prudent management of undertakings.</p>	Noted. Reporting to be included in the RTS.
275b	FFSA	3.47	<p>FFSA recommends to say that governance arrangements that affect IGT be included in the SFCR on an annual basis</p> <p>The information asked by CEIOPS in point 3.47 may have already been given to the group supervisor (for example in the Governance</p>	Noted. Reporting to be included in the RTS.

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			part of the solvency and Financial Condition Report). We therefore recommend not to ask companies to give several times the same information in different reporting. Either these information are given in the reporting of RC and IGT, or in another reporting, but not several times.	
276.	German Insurance Association – Gesamtverb and der D	3.47.	<p>We suggest that governance arrangements that affect IGT are included in the RTS on an annual basis.</p> <p>The information asked by CEIOPS in point 3.47 may have already been given to the group supervisor (for example in the Governance part of the RTS). We therefore recommend not asking companies to give several times the same information in different reporting.</p> <p>In addition, it may be difficult to evaluate the impact of management decisions taken at group level on the prudent management of undertakings.</p>	Noted. Reporting to be included in the RTS.
277.	Investment & Life Assurance Group (ILAG)	3.47.	It may be difficult to evaluate the impact of management decisions taken at group level on the prudent management of undertakings.	Noted
278.	Pearl Group Limited	3.47.	We suggest that governance arrangements that affect IGT are included in the SFCR on an annual basis. The information asked by CEIOPS in point 3.47 may have already been given to the group supervisor (for example in the Governance part of the Solvency and Financial Condition Report). We therefore recommend not to ask companies to give several times the same information in different reporting.	Noted. Reporting to be included in the RTS.
279.	RBS Insurance	3.47.	We believe this should form part of SFCR /RTS reporting.	Noted. Reporting to be included in the RTS.

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280.	CRO Forum	3.48.	Please refer to our general comments on references to the FCD.	Noted
281.	European Insurance CFO Forum	3.48.	Comments in 3.41 are also relevant here.	Noted
282.	RBS Insurance	3.49.	See comment under 3.41 and also under 3.22	Noted
283.	Association of British Insurers	3.50.	<p>For groups, RC should, in our view, solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p> <p>It could be very difficult to give information on the interrelationships between risk categories (for example the correlation matrix of the standard formula was difficult to calibrate).</p> <p>Therefore we recommend rewriting the advice as follows: "The reporting of RC should include specific risk categories and, if necessary because of the specific risk profile of the company, the interrelationships between risk categories".</p> <p>Reporting should not duplicate information of the Group Risk Report that is available to the supervisor.</p>	Noted.
284.	CEA, ECO-SLV-09-455	3.50.	<p>The definition of RC remains too vague.</p> <p>This section should give an exhaustive list of types of RC, as well as examples of interrelationships between risk categories.</p> <p>Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements.</p> <p>For groups the effect of risk concentrations should be part of the determination of the diversification benefit. (In essence risk</p>	Noted

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			<p>concentration is a negative diversification effect)</p> <p>For groups RC should, in our view, solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p> <p>It could be very difficult to give information on the interrelationships between risk categories (for example the correlation matrix of the standard formula was difficult to calibrate).</p> <p>Therefore we recommend rewriting the advice as follows: "The reporting of RC should include specific risk categories and, if necessary because of the specific risk profile of the company, the interrelationships between risk categories".</p> <p>There should not be duplication of reporting.</p> <p>Reporting should not duplicate information of the Group Risk Report that is available to the supervisor.</p>	
284b	FFSA	3.50	<p>Definition of RC remains too vague. This section should give an exhaustive list of type of RC, as well as examples of interrelationships between risk categories.</p> <p>CEIOPS recommend to give information regarding "interrelationship between risk categories". This information could be very difficult to give (for example the correlation matrix of the standard formula was difficult to calibrate). We would not like this also to be the opportunity to force companies to design an internal model if not necessary. Therefore we recommend to rewrite the advice on "The reporting of RC should include specific risk categories and, if necessary because of the specific risk profile of the company, the interrelationship between risk categories".</p>	Noted. No intention to require modelling to assess RC.

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285.	CRO Forum	3.50.	<p>Comments on 3.50 through 3.52</p> <p>Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements. For groups risk the effect of risk concentrations should be part of the determination of the diversification benefit. (In essence risk concentration is a negative diversification effect)</p> <p>For groups RC should in our view solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p> <p>Also information of the Group Risk Report that is available to the supervisor should be leveraged.</p>	Noted
286.	European Insurance CFO Forum	3.50.	<p>CEIOPS should clarify the definition of “interrelationships between risk categories”.</p> <p>The reporting of risk concentrations should leverage information contained in the group risk report that is provided to the supervisor.</p> <p>Comments in 3.20 are also relevant here.</p>	Noted. Intention to use existing sources of information (e.g. systems of governance)
287.	German Insurance Association – Gesamtverb and der D	3.50.	<p>The definition of RC remains too vague.</p> <p>This section should give an exhaustive list of types of RC, as well as examples of interrelationships between risk categories.</p> <p>Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements.</p> <p>For groups the effect of risk concentrations should be part of the determination of the diversification benefit. (In essence risk</p>	Noted

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			<p>concentration is a negative diversification effect)</p> <p>For groups RC should, in our view, solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p> <p>It could be very difficult to give information on the interrelationships between risk categories (for example the correlation matrix of the standard formula was difficult to calibrate).</p> <p>Therefore we recommend rewriting the advice as follows: "The reporting of RC should include specific risk categories and, if necessary because of the specific risk profile of the company, the interrelationships between risk categories".</p> <p>There should not be duplication of reporting.</p> <p>Reporting should not duplicate information of the Group Risk Report that is available to the supervisor.</p>	
288.	Munich RE	3.50.	<p>Leverage information of the Group Risk Report that is available to the supervisor. Risk concentrations should be assessed as part of the overall risk assessment and should be appropriately reflected in the capital requirements.</p>	Noted. Intention to use existing sources of information (e.g. systems of governance)
289.	Pearl Group Limited	3.50.	<p>For groups, RC should, in our view, solely refer to the additional concentration that may arise as a result of combining various insurance undertakings in one group.</p>	Noted
290.	Association of British Insurers	3.51.	<p>We propose that when reporting on RC, undertakings should take into consideration exposures arising from outside the Group where practically possible.</p> <p>See comments under 3.23 and 3.50</p>	Noted

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291.	CEA, ECO-SLV- 09-455	3.51.	<p>We agree with the reporting of RC for exposures arising from inside the group. However the requirements for reporting on exposures arising from "outside" the Group may result in imposing reporting rules on areas/entities where the Group has little or no access.</p> <p>We propose that when reporting on RC, undertakings should take into consideration exposures arising from outside the Group where practically possible.</p> <p>In addition, we ask Ceiops to provide details on what is outside the group on the supervision of RC.</p> <p>See comments to 3.23 and 3.50.</p>	Noted. The reporting is at the level of the group not the solo undertaking. The group is defined in Article 212.
291b	FFSA	3.51	<p>There was no specific definition for RC in level 1 text. Provided that, CEIOPS considers RC as risk exposures that may arise within a group but it also suggests to monitor risks coming from outside the group.</p> <p>Therefore, FFSA suggests to delimit more precisely this inside/outside group supervision on RC (cf. our remark in §3.23).</p>	Noted
292.	German Insurance Association – Gesamtverb and der D	3.51.	<p>We agree with the reporting of RC for exposures arising from inside the group. However the requirements for reporting on exposures arising from "outside" the Group may result in imposing reporting rules on areas/entities where the Group has little or no access.</p> <p>We propose that when reporting on RC, undertakings should take into consideration exposures arising from outside the Group where practically possible.</p> <p>In addition, we ask CEIOPS to provide details on what is outside the group on the supervision of RC.</p>	Noted. The reporting is at the level of the group not the solo undertaking. The group is defined in Article 212 (see also CP 60).

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293.	RBS Insurance	3.51.	The Level 1 text, Article 248 refers to supervision of risk concentration at group level only. The enlarging scope of RC to include entities outside the group would appear to be inconsistent with the Directive.	Disagree. It is important to capture, for example, the exposure an entity may have to a risk outside the group.
294.	Association of British Insurers	3.52.	See comment under 3.50	Noted
295.	CEA, ECO-SLV-09-455	3.52.	The reporting on the probability of risks and scenario analysis as part of reporting on RC should not include stress scenarios. Quantitative information should only be reported on the current situation in order to avoid excessive burden on undertakings. See comment to 3.50. The option to use a group internal risk model should be mentioned here.	Noted. Stress testing is intended as an example.
295b	FFSA	3.52	This paragraph states that RC should be presented with probability and scenario analysis, potentially included in ORSA. We consider this should be treated as a qualitative information. Quantitative information should be given about current situation only; there should be no stress scenarios.	Noted. Stress testing is intended as an example.
296.	German Insurance Association – Gesamtverb and der D	3.52.	The reporting on the probability of risks and scenario analysis as part of reporting on RC should not include stress scenarios. Quantitative information should only be reported on the current situation in order to avoid excessive burden on undertakings. The option to use a group internal risk model should be mentioned here.	Noted. Stress testing is intended as an example.

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297.	Milliman	3.52.	We would like CEIOPS to predefine scenarios to receive a quantitative feel for RC.	Possible issue for Level 3.
298.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.53.	See comment 3.11.	Noted
299.	Association of British Insurers	3.53.	The frequency of reporting should be integrated with the Pillar II review. Reporting should typically be on an annual basis but in certain circumstances it may be reported more frequently but should be subject to a cost benefit analysis.	Noted
300.	CEA, ECO-SLV-09-455	3.53.	We do not agree that the reporting of RC and IGT could be more frequent than the annual reporting of the SFCR. It is sufficient to have a full overview of all relevant RC and IGT on an annual basis. We believe this would prove very burdensome and should be subject to a cost benefit analysis. Any new significant RC or IGT should be reported within an appropriate timeframe to the supervisor. This should also apply to any significant change in RC or IGT. The same information should not be reported several times in different reports.	Disagree. It may be important to capture certain items more frequently than just annually.
300b	FFSA	3.53	CEIOPS mentions that reporting to supervisors should be proportionate to RC or IGT risks associated and at least made on an	Noted

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			<p>annual basis.</p> <p>FFSA suggests to stick to an annual reporting basis, and to suppress the 'more frequent than annually' reference.</p> <p>One more time we emphasis on the fact not to ask several time the same information in different reporting.</p>	
301.	CRO Forum	3.53.	<p>Comment on 3.53 through 3.57</p> <p>We agree that criteria for reporting on RC and IGT should be developed as part of the supervisory coordination arrangements in the college of supervisors. We believe this should apply to the group in total and hence there should not be additional reporting requirements at the solo level.</p> <p>Clarification is required on what is meant by 'always reported'. Does this mean report annually as part of the SFCR, or does it imply a more immediate reporting? The white text discusses 'significant' transactions which should be reported at least annually and 'very significant' transactions which should be reported immediately. Clarification on what constitutes significant and very significant is required.</p> <p>Reporting should also follow regular reporting timelines. A higher frequency should not be mentioned in the report. Ad-Hoc requests of the supervisors can be carried out anyway.</p>	Noted
302.	DIMA (Dublin International Insurance & Management	3.53.	<p>Care should be taken to ensure that reporting requirements do not become unduly onerous, particularly for groups using a lot of IGTs.</p>	Noted
303.	European	3.53.	<p>Frequency of reporting dependent on risk profile is not practical.</p>	Disagree. Important to capture

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	Insurance CFO Forum		<p>The CFO Forum does not believe that it is practical to link the reporting frequency to the risk profile of the group.</p> <p>Reporting should follow regular timescales or rather suggest specific conditions under which groups have to report additional to the annually performed report. In general we reject an obligation to report more than once a year.</p> <p>Comments in 3.20 are also relevant here.</p>	certain items more frequently than just annually
304.			Confidential comment deleted	
305.	German Insurance Association – Gesamtverb and der D	3.53.	<p>We do not agree that the reporting of RC and IGT could be more frequent than the annual reporting of the SFCR.</p> <p>It is sufficient to have a full overview of all relevant RC and IGT on an annual basis. We believe this would prove very burdensome and should be subject to a cost benefit analysis.</p> <p>Any new significant RC or IGT should be reported within an appropriate timeframe to the supervisor. This should also apply to any significant change in RC or IGT.</p> <p>The same information should not be reported several times in different reports.</p>	Disagree. Important to capture certain items more frequently than just annually
306.	International Underwriting Association of London	3.53.	Stand-alone reports would impose a burden on supervisors and regulated entities. Over-frequent reporting also creates a great deal of work without providing information that is really useful. In our view, the reporting should be incorporated into annual submissions.	Noted. Intention is to include in the group RTS.
307.	Investment & Life Assurance Group	3.53.	Evaluation of the timeliness of reporting of IGT and RC (may be more frequent than SFCR) and the judgement of whether proportionate to the risks will be difficult on a practical level and again possibly subject of a lack of uniformity.	Noted

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	(ILAG)				
308.	Munich RE	3.53.	Reporting should follow regular reporting timelines. A higher reporting frequency is subsequently not desirable especially due to the fact that Ad-Hoc requests of the supervisors can be carried out anyway.	Noted	
309.	Pearl Group Limited	3.53.	The frequency of reporting should be integrated with the Pillar II review. Reporting should typically be on an annual basis but in certain circumstances it may be reported more frequently but should be subject to a cost benefit analysis.	Agreed	
310.	RBS Insurance	3.53.	In our opinion the reporting should be part of SFCR/RTS and the same principles should apply.	Agreed	
311.	Association of British Insurers	3.54.	<p><input type="checkbox"/> Any ex ante reporting will place a burden on the firm and has the potential to disrupt business activity, particularly where protracted delays occur. Careful consideration of any ex ante requirement should be undertaken in the context of the wider Pillar II process.</p> <p>Additionally, we believe that focusing on individual transactions is not effective because a combination of exposures will provide more useful information rather than a particular transaction or investment. This can only be achieved post-event as part of regular reporting cycle. We believe that the governance system promoted under Solvency II, with extensive management oversight, should be sufficient enough not to warrant a significant degree of ex-ante reporting and supervisory approval of significant corporate actions.</p> <p>Furthermore, requiring ex-ante reporting would cause excessive burden to undertakings.</p> <p>The principles the regulator will be following in requiring ex-ante reporting should also be made clear along with an applicable</p>	While there is no reporting at solo level, it is important to understand how transactions impact on the solo position of an undertaking.	

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			appeal process.	
312.			Confidential comment deleted	
313.	CEA, ECO-SLV- 09-455	3.54.	<p>Ex-ante reporting of RC and IGT is a deviation from the Level 1 text.</p> <p>The scope deviates from the Level 1 text, which covers post-event reporting. We disagree with requiring ex-ante reporting. These requirements could potentially delay or hinder execution of time critical transactions (IGT) or investments (RC). Any ex-ante reporting will place a burden on the undertaking and has the potential to disrupt business activity, particularly where protracted delays occur. Careful consideration of any ex-ante requirements should be undertaken in the context of the wider Pillar II process.</p> <p>It is not clear whether ex-ante reporting establishes an implicit approval procedure or a veto right of the supervisor. If this is not intended, it should be clearly stated.</p> <p>Additionally, we believe that focusing on individual transactions is not effective because a combination of exposures will provide more useful information rather than a particular transaction or investment. This can only be achieved post-event as part of regular reporting cycle. We believe that the governance system promoted under Solvency II, with extensive management oversight, should be sufficient enough not to warrant any ex-ante reporting.</p> <p>Ex-ante reporting could also lead to difficulties in optimising the efficiency of intra-group relationships, and could also increase execution and operating risks.</p> <p>See also comments to 3.29 and 3.30.</p>	Noted. CEIOPS does not consider this inconsistent with the Level 1 text.

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314b	FFSA	3.54	<p>FFSA strongly disagrees with the ex-ante procedure of notification. As indicated in §3.29, this may create a regulatory burden on groups and supervisors. This is not in line with Directive level 1.</p> <p>Also, this could lead to hurdles in optimizing the intragroup relationships efficiency, as well as increase the execution and operating risks.</p>	Noted. CEIOPS does not consider this inconsistent with the Level 1 text.
314.	CRO Forum	3.54.	<p>Paragraph 3.29 in our view correctly pictures the disadvantages of ex-ante reporting of IGT. This provides not only an additional reporting burden but is also may hinder swift executions of IGT. Requiring ex-ante reporting under normal situations would cause excessive burden to undertakings The governance system under Solvency II should be sufficient to require ex ante reporting of IGT only under exceptional circumstances.</p> <p>We suggest that ex-ante reporting only be undertaken for certain one-off material transactions and not business as usual type transactions. A clear distinction as such is requested.</p>	Noted
315.	European Insurance CFO Forum	3.54.	<p>The CFO Forum rejects a general obligation to perform ex-ante reporting. The specific occasion under which a different form of approval is applicable should be clearly defined.</p> <p>Intra-Group Transactions (IGT) are legitimate area of interest for regulators. Based on a combination of the nature of the transaction and its materiality to the group and to the member of the group involved an IGT might be subject to ex-ante approval or mere reporting.</p> <p>Transactions subject to mere reporting are subject to regulatory review i.e. compliance with laws and regulation or arms length pricing. These might include reinsurance or pooling arrangements,</p>	Noted. CEIOPS does not intend ex-ante approval – this is only a reporting requirement.

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			<p>service contracts, leases and other routine transactions.</p> <p>Ex-ante approval might be required for liquidations or mergers, including the ultimate or an intermediate parent company. These reviews should also have a time limit within which the regulator must make a decision. If approval of an IGT is denied the company should have the right to appeal that decision within the regulatory organization and ultimately to an appropriate judicial body.”</p> <p>Comments in the general section, 3.28, 3.29 and 3.30 are also relevant here.</p>	
316.	German Insurance Association – Gesamtverb and der D	3.54.	<p>Ex-ante reporting of RC and IGT is a deviation from the Level 1 text.</p> <p>The scope deviates from the Level 1 text, which covers post-event reporting. We disagree with requiring ex-ante reporting. These requirements could potentially delay or hinder execution of time critical transactions (IGT) or investments (RC). Any ex-ante reporting will place a burden on the undertaking and has the potential to disrupt business activity, particularly where protracted delays occur. Careful consideration of any ex-ante requirements should be undertaken in the context of the wider Pillar II process.</p> <p>It is not clear whether ex-ante reporting establishes an implicit approval procedure or a veto right of the supervisor. If this is not intended, it should be clearly stated.</p> <p>Additionally, we believe that focusing on individual transactions is not effective because a combination of exposures will provide more useful information rather than a particular transaction or investment. This can only be achieved post-event as part of regular reporting cycle. We believe that the governance system promoted under Solvency II, with extensive management oversight, should be sufficient enough not to warrant any ex-ante</p>	<p>Noted. CEIOPS does not consider this inconsistent with the Level 1 text. CEIOPS does not intend ex-ante approval – this is only a reporting requirement.</p>

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			reporting. Ex-ante reporting could also lead to difficulties in optimising the efficiency of intra-group relationships, and could also increase execution and operating risks.	
317.	Investment & Life Assurance Group (ILAG)	3.54.	See 3.31. Will there be a requirement for an audit of quantitative and qualitative reported data?	No proposal to require an audit of the data.
318.	Pearl Group Limited	3.54.	Any ex ante reporting will place a burden on the firm and has the potential to disrupt business activity, particularly where protracted delays occur. Careful consideration of any ex ante requirement should be undertaken in the context of the wider Pillar II process.	Noted
319.	RBS Insurance	3.54.	We believe that governance system promoted under S2, with extensive management involvement and oversight, should be sufficient enough not to warrant a significant degree of ex – ante reporting. In our opinion ex ante reporting (qualitative and quantitative) will place an unnecessary burden on the firms and supervisors.	Noted
320.	Association of British Insurers	3.55.	See comment under 3.31	Noted
321.			Confidential comment deleted	
322.	CEA, ECO-SLV-09-455	3.55.	The advice goes beyond level 1 in suggesting that these should be set based not only on solvency capital and technical provisions (Level 1 text) but also on the SCR/MCR. We disagree with what Ceiops is proposing and would ask Ceiops to	Agreed. Thresholds to be set based on the SCR or technical provisions.

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			<p>base the threshold as stated in the Level 1 text. Thresholds should be based on the maximum between the SCR and own funds, and not on the MCR. In any case thresholds should not be based on the MCR. Reference to the MCR would disregard the volatility of this threshold due to changes in risk exposures.</p> <p>In addition, based on the CP, the identification and reporting of thresholds would be subject to supervisory discretion, therefore creating a risk of inconsistent decision making and uncertainty. We would ask for more harmonisation in the setting up of thresholds rather than leaving it to individual supervisors.</p> <p>Basing thresholds on the MCR or SCR may require frequent and extremely complex recalculations, especially when internal models are not available; the proportionality principle should be carefully applied.</p> <p>See also comment to 3.31 and 3.32.</p>	
322b	FFSA	3.55	<p>FFSA considers that thresholds should be based on the maximum between SCR and own funds, and not on MCR.</p> <p>Also, RC should be based at a group level only and not at solo level. As such, RC thresholds at solo level should not be based on solo basis, but on a Group level one.</p>	Disagree. Solo thresholds are necessary to identify risks to solo undertakings.
323.	CRO Forum	3.55.	<p>Thresholds should be based on what is said in 3.56 (ie a group's own internal risk management and internal control procedures). Also information of the Group Risk Report that is available to the supervisor should be leveraged. No additional threshold definition in MCR and SCR terms is necessary.</p> <p>It seems most equitable for the establishment of reporting thresholds to be set on the group level. Otherwise it will be unduly</p>	Disagree. Solo thresholds are necessary to identify risks to solo undertakings.

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			burdensome on the group if it also has to report on subsidiary undertaking transactions set at the subsidiary undertaking level. If thresholds are to be set at the subsidiary undertaking level the principle of proportionality should be applied.	
324.	European Insurance CFO Forum	3.55.	Comments in 3.31 are also relevant here.	Noted
325.	German Insurance Association – Gesamtverb and der D	3.55.	<p>The advice goes beyond level 1 in suggesting that these should be set based not only on solvency capital and technical provisions (Level 1 text) but also on the SCR/MCR.</p> <p>We disagree with what CEIOPS is proposing and would ask CEIOPS to base the threshold as stated in the Level 1 text. Thresholds should be based on the maximum between the SCR and own funds, and not on the MCR. In any case thresholds should not be based on the MCR. Reference to the MCR would disregard the volatility of this threshold due to changes in risk exposures.</p> <p>In addition, based on the CP, the identification and reporting of thresholds would be subject to supervisory discretion, therefore creating a risk of inconsistent decision making and uncertainty. We would ask for more harmonisation in the setting up of thresholds rather than leaving it to individual supervisors.</p> <p>Basing thresholds on the MCR or SCR may require frequent and extremely complex recalculations, especially when internal models are not available; the proportionality principle should be carefully applied.</p>	<p>Agreed. Thresholds to be set based on the SCR and/or technical provisions.</p> <p>Proportionality principle shall apply</p>
326.	Lloyd's	3.55.	See comment to 3.31 above.	Noted

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327.	Munich RE	3.55.	Thresholds should be based on what is said in 3.56. No additional threshold definition in MCR and SCR terms is necessary.	Noted. Thresholds to be set based on the SCR or technical provisions.
328.	Pearl Group Limited	3.55.	We do not agree the decision on the reporting of thresholds should be left to supervisory discretion. Furthermore, we do not see any justification why thresholds should be based not only on solvency capital and technical provisions, but also on the SCR and MCR	Disagree, this is a directive requirement on supervisors as laid out in Articles 248 and 249. Thresholds will be based on the SCR or technical provisions.
329.	RBS Insurance	3.55.	We believe that thresholds should be established through the Pillar 2 review and discussions between the group and the group supervisor with the input from the College. We disagree with the proposal of setting threshold by supervisors based on MCR/SCR only.	The reference to solvency capital and technical provisions is a directive requirement. Agree that group supervisor would discuss with group.
330.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.56.	Some quantitative guidelines should be provided	Noted
331.	Association of British Insurers	3.56.	The appropriate thresholds should result from the discussions at Pillar II between the group supervisor and the insurance group with input from the College. We agree this should build upon the group risk management and internal control procedures.	Noted
332.			Confidential comment deleted	
333.	CEA, ECO-SLV-09-455	3.56.	Ceiops suggests that group functions should provide adequate review and challenge of intra group transactions. There is an implication, although not explicitly stated that there	Noted. Supervisors in the college would determine the process for establishing thresholds for the group.

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			<p>should also be internal approval and reporting thresholds (as well as, and may be the same as those for the supervisor). It would be desirable that these are aligned.</p> <p>The CP does not include any information on quantitative thresholds, only qualitative considerations. We believe that in order for there to be harmonisation, some quantitative guidelines should be given, with a possible tolerance on a case-by-case basis that has to be discussed with the group supervisor.</p> <p>The CP does not give any information on the process to determine and communicate the thresholds. This seems to be an important topic that needs to be explicitly covered.</p>	
333b	FFSA	3.56	<p>The CP does not include any information on quantitative thresholds, only qualitative considerations.</p> <p>We believe that in order to make harmonisation happen, some quantitative guidelines should be given, with a possible tolerance on a case-by-case basis that has to be discussed with the group supervisor.</p> <p>Also, the CP does not give any information on the process to determine and communicate the thresholds. This seems to be an important topic to be explicitly defined.</p>	Noted. Supervisors in the college would determine the process for establishing thresholds for the group.
334.			Confidential comment deleted	
335.	German Insurance Association – Gesamtverb and der D	3.56.	<p>CEIOPS suggests that group functions should provide adequate review and challenge of intra group transactions.</p> <p>There is an implication, although not explicitly stated that there should also be internal approval and reporting thresholds (as well as, and may be the same as those for the supervisor). It would be desirable that these are aligned.</p> <p>The CP does not include any information on quantitative thresholds,</p>	Noted. Supervisors in the college would determine the process for establishing thresholds for the group.

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			<p>only qualitative considerations. We believe that in order for there to be harmonisation, some quantitative guidelines should be given, with a possible tolerance on a case-by-case basis that has to be discussed with the group supervisor.</p> <p>The CP does not give any information on the process to determine and communicate the thresholds. This seems to be an important topic that needs to be explicitly covered.</p>	
336.	RBS Insurance	3.56.	We agree that developments of threshold should take into account the group's risk management and internal control procedures. We also agree that there should be qualitative and quantitative elements.	Noted
337.	Association of British Insurers	3.57.	We agree with paying particular attention to scenarios where multiple transactions are linked to each other in terms of time, function and planning. We agree that connected transactions should be considered on the basis of a combined impact and any risks considered in the Pillar II process.	Noted
338.	CEA, ECO-SLV-09-455	3.57.	<p>We agree with paying particular attention to scenarios where multiple transactions are linked to each other in terms of time, function and planning.</p> <p>However, we would like to question how this could be monitored for transactions that are below the given thresholds. It could prove to be a very hard task to perform unless there are specific suspicions. We suggest limiting analyses above threshold (and not below) even in cases where multiple transactions are linked to each others.</p>	Noted.
338b	FFSA	3.57	<p>CEIOPS states that "supervisors should pay particular attention to scenarios where multiple transactions are linked to each other in terms of time, function and planning, even if each individual transaction value is below a given threshold"</p> <p>FFSA agrees with threshold assessment but suggests to limit</p>	Noted

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			analyses above threshold (and not below) even in case of multiple linked transactions	
339.	German Insurance Association – Gesamtverb and der D	3.57.	<p>We agree with paying particular attention to scenarios where multiple transactions are linked to each other in terms of time, function and planning.</p> <p>However, we would like to question how this could be monitored for transactions that are below the given thresholds. It could prove to be a very hard task to perform unless there are specific suspicions. We suggest limiting analyses above threshold (and not below) even in cases where multiple transactions are linked to each others.</p>	Noted
340	RBS Insurance	3.57.	We agree with paying particular attention to scenarios where multiple transactions are linked to each other in terms of time, function and planning. The connected transactions should be monitored on combined basis and any associated risks considered under the ORSA process.	Noted