

<b>Comments Template on EIOPA-CP-14-043</b> <b>Draft proposal for Level 3 Guidance on valuation of assets and liabilities other than technical provisions</b>		<b>Deadline</b> <b>02.Mar.2015</b> <b>23:59 CET</b>
Company name:	Insurance and Reinsurance Stakeholder Group	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.  Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <b>Do not change the numbering</b> in column "Reference".</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below.               <ul style="list-style-type: none"> <li>○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies.</li> <li>○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:Consultation_Set2@eiopa.europa.eu">Consultation_Set2@eiopa.europa.eu</a>, in MSWord Format, (our IT tool does not allow processing of any other formats).</b></p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-043.</p>		
Reference	Comment	
General Comment	<p>The guidelines state or at least imply that only IFRS should always be used for Solvency II – however the Delegated Acts make clear (Article 9(4)) that alternative valuation methods (e.g. local GAAP) are acceptable under the proportionality principle. This needs to be reflected in the Guidelines. This could be amended in the first paragraph under "Guideline 12 – when applying the derogation" as follows:</p> <p>"Undertakings applying the derogation in Article 9 (4) of the Implementing Measures should <b>not</b> use</p>	

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	<p>these Guidelines as a reference <b>and only rely on the provisions of Article 9 (4) in the Delegated Acts</b> when determining whether its valuations are consistent with Article 75 of Solvency II."</p> <p>If there are changes to the content of the IFRS articles mentioned in the table in the guidelines checking the consistency between the IFRS and Solvency II valuation, then EIOPA would need to confirm whether there are changes to that table, as it refers to the currently specific IFRS standards.</p>	
1.1.		
1.2.		
1.3.		
1.4.		
1.5.		
1.6.		
1.7.	<p>It is stated here that the GLs refer to the Implementing Measures which specify measurement principles for the valuation of assets and liabilities other than technical provisions. The wording in the GLs should also consider that the Implementing Measures distinguish between recognition and valuation (see Art. 9 par. 1 Draft Delegated Acts).</p>	
1.8.	<p>The definition of written premiums provided here is only necessary to describe the policy options. So, for the final GL it is not necessary anymore and should be deleted.</p>	
1.9.		
1.10.		
1.11.		
1.12.		
1.13.		
1.14.		
1.15.		

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Guideline 1		
Guideline 2	Consistency of applying alternative valuation methods: In our view it does make sense to require a consistent application of alternative valuation methods. The GL explicitly states that undertakings should consider if a change in valuation techniques leads to a more appropriate fair value measurement and mentions several triggers indicating that this may be the case. It should be added that a change of applying alternative valuation methods should be allowed if it contributes to a reduction in cost, but does not result in less appropriate measurement.	
Guideline 3	We suggest that this Guideline be abbreviated by deletion of the explanatory text commencing at "In some cases,...." in the interests of clarity.	
Guideline 4		
Guideline 5		
Guideline 6		
Guideline 7		
Guideline 8	Contingent liabilities: In some cases ancillary own funds provided may lead to an actual liability recognised under IFRS (e.g. a provision under IAS 37 or a financial liability under IAS 39). It should be clarified that only those cases in which no actual liability has been recognized are in the scope of this guideline.	
Guideline 9		
Guideline 10	The explanatory text of Guideline 9 states that the recognition and valuation of deferred tax should be consistent with IAS 12. Guideline 10 should therefore also be consistent with IAS 12 in the sense that the documentation and supervisory information requirements should not exceed the requirements of IAS 12. We should therefore advice to draw a parallel with IAS 12 as has been done under Guideline 9.  We suggest the words 'at a minimum' in the fourth and fifth lines of this Guideline be deleted in the interest of clarity and lack of ambiguity.	
Guideline 11		
Guideline 12	When applying the derogation: It should be checked if this GL does unnecessarily restrict the possibilities of recognizing and valuing an asset or liability (other than technical provisions) based on	

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	the valuation method used for preparing the annual or consolidated financial statements. Especially it should be allowed and explicitly clarified that fair values which are disclosed in the notes to financial statements according to Art. 46 par. 3 IAD (Insurance Accounting Directive) are also allowed to be used under the derogation in Art. 9 par. 4 Draft Delegated Acts.	
Explanatory text Guideline 5		
Explanatory text Guideline 6/7		
Explanatory text Guideline 8		
Explanatory text Guideline 9		
Explanatory text Guideline 10		
Explanatory text Guideline 11		
Explanatory text: Table consistency of IFRS valuation		
Technical Annex		
Annex I: Impact Assessment		