



**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

Name of Company:	European Captive Insurance and Reinsurance Owners Association (ECIROA)-Aon Risk Solutions-Marsh Ltd	
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Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
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Please follow the following instructions for filling in the template:

- ⇒ Do **not** change the numbering in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool
- ⇒ Leave the last column empty.
- ⇒ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty.
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Please send the completed template, in Word Format, to cp009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.

The numbering of the paragraphs refers to this Consultation Paper.

Reference	Comment
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Template comments



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20 January 2012
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<p>General Comment</p>	<p>Whilst we welcome the guidelines defining the requirements on public disclosure and supervisory reporting we suggest that where the disclosures would already be addressed under the IFRS reporting published in the annual financial statements and where there are similarities between the two frameworks, the disclosures would be narrowed down to being reported under one of the frameworks. In this way we believe that efficiencies will be created both to resources required to produce the required outputs as well as to minimize additional costs to the industry by avoiding duplication of disclosures.</p> <p>When considering the narrative reporting requirements for Captive Insurance/reinsurance Companies, it is important to understand that Consumers will not have a need to see this information as, in the vast majority of cases, captives are insuring only the risks of their Parent and/or Group companies. Captives can provide relevant, reliable and comprehensible information to the supervisory authorities.</p> <p>In the process of agreeing a proportionate reporting package for captives, supervisors should consider how much information would be necessary to get a full picture of the company in question. For small, simple companies a supervisor will very easily have more information and more transparency than would ever be possible to obtain for a complex undertaking. The extent of the information should reflect the nature, scale and relatively straightforward nature of their business, subject to the principle of proportionality. The cost implications of reporting must also be considered. If the reporting requirements are too onerous, the increase in cost will be disproportionate to the knowledge derived from the additional information received. Captives already document their processes and we propose that Captives be allowed to provide these documents as the basis for the RSR.</p> <p>ECIROA proposes a tailored SFCR & RSR specifically for captives:</p>	
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Template comments



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1. SFCR

- SCR & MCR – at an aggregated level only, not detailed calculations
- Profit and Loss Account
- Balance Sheet

2. RSR

- Governance Manual
- Risk Management Framework
- ORSA

Captives can use the ECIROA Best Practice Guidelines as a guide to the narrative reporting requirements to Supervisors.

With regard to non-disclosure of information, we believe that captives should be given permission not to publically disclose information which is confidential. Where a captive is insuring only the risks of its parent and/or Group companies, disclosure of the risks underwritten will provide a clear picture of the parent or Group companies' insurance programme. Similarly, the captive may create loss reserves for outstanding claims which can be easily identified (as they usually have only limited policies per line of business). It would be detrimental to their business if this information is publicly available e.g. it would have an impact upon the settlement negotiations between the parent or Group company and the claimant. Captives should be exempted from public disclosure of certain information in accordance with Article 53 (1) of the Directive.

Template comments



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12:00 CET

Please note that where a comment has not been made on a particular paragraph, this does not indicate that we agree with the paragraph.

3.1.		
3.2.		
3.3.		
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3.5.		
3.6.		
3.7.		
3.8.	We think that there are no public interest needs, and recommend to limit the disclosure to the name of the ultimate parent company which is usually disclosed in the annual accounts of the captive. The majority of the required disclosures are currently addressed under IFRS accounts.	
3.9.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
3.10.	No public disclosure of Related party transactions. Points a and b are currently addressed under the disclosures in IFRS accounts : point c is of a confidential nature and thus should not be made public.	
3.11.	We object to public disclosure in this section for captives	
3.12.	No public disclosure of Related party transactions	

Template comments



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3.13.		
3.14.	Captives usually underwrite a reduced number of risks of the Parent and/or Group companies Giving the public access to such information would enable competitors to gather information on the insurance program of the mother company.	
3.15.	The majority of the required disclosures are currently addressed under IFRS accounts.	
3.16.	The majority of the required disclosures are currently addressed under IFRS accounts.	
3.17.	The majority of the required disclosures are currently addressed under IFRS accounts.	
3.18.	The majority of the required disclosures are currently addressed under IFRS accounts.	
3.19.	The majority of the required disclosures are currently addressed under IFRS accounts.	
3.20.	The majority of the required disclosures are currently addressed under IFRS accounts.	
3.21.	There is no public interest need, and we recommend to limit the disclosure to information available in the annual accounts of the captive. The required disclosures are currently addressed under IFRS accounts.	
3.22.	The required disclosures are currently addressed under IFRS accounts.	
3.23.	We object to public disclosure on that basis that it could provide competitive advantage	
3.24.	The required disclosures are currently addressed under IFRS accounts.	
3.25.	The required disclosures are currently addressed under IFRS accounts.	
3.26.	The required disclosures are currently addressed under IFRS accounts.	

Template comments



Comments Template on CP9 – GR - Reporting		Deadline 20 January 2012 12:00 CET
3.27.	The required disclosures are currently addressed under IFRS accounts.	
3.28.	The required disclosures are currently addressed under IFRS accounts.	
3.29.		
3.30.	Solvency ratio and minimum regulatory capital requirement are currently disclosed under IFRS accounts.	
3.31.		
3.32.		
3.33.		
3.34.		
3.35.		
3.36.		
3.37.		
3.38.		
3.39.	This is a heavy burden for a captive since most transactions are with related parties. We suggest exclusion from this paragraph for captives with reference to paragraph 3.5 and 1.12 in the “Impact assessment on the reporting package of Solvency II”. If exclusion is not an option we suggest an alternative wording “Unless the majority of the transactions (threshold of earned premiums) are with related parties, undertakings should provide information about any significant related party transaction “. Undertakings with a majority of the transactions with related parties must report related party transactions on an aggregate level.	
3.40.	This is a heavy burden for a captive since most transactions are with related parties. We suggest	

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	exclusion from this paragraph for captives with reference to paragraph 3.5 and 1.12 in the “Impact assessment on the reporting package of Solvency II”. If exclusion is not an option we suggest an alternative wording “Unless the majority of the transactions (threshold of earned premiums) are with related parties, undertakings should provide information about any significant related party transaction “. Undertakings with a majority of the transactions with related parties must report related party transactions on an aggregate level.	
3.41.	This is a heavy burden for a captive since most transactions are with related parties. We suggest exclusion from this paragraph for captives with reference to paragraph 3.5 and 1.12 in the “Impact assessment on the reporting package of Solvency II”. If exclusion is not an option we suggest an alternative wording “Unless the majority of the transactions (threshold of earned premiums) are with related parties, undertakings should provide information about any significant related party transaction “. Undertakings with a majority of the transactions with related parties must report related party transactions on an aggregate level.	
3.42.	Since many captives have no employees or just a few, such a chart is non-existent or useless. We suggest an exclusion from this paragraph for smaller undertakings (less than “materiality threshold“ employees) or an alternative wording .	
3.43.		
3.44.	Text is unclear whether this is applicable for groups only.	
3.45.		
3.46.		
3.47.	Text is unclear whether this is applicable for groups only.	
3.48.		
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Template comments



Comments Template on CP9 – GR - Reporting		Deadline 20 January 2012 12:00 CET
3.50.		
3.51.		
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3.54.		
3.55.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
3.56.	'Specific information' is not defined and therefore this is not clear.	
3.57.		
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3.62.		
3.63.	a) We suggest the alternative text "detail who or which function is responsible for drafting any reporting to the supervisor along with those or functions who are responsible for reviewing any reporting to the supervisor".	
3.64.		
3.65.		
4.1.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.2.	We consider that the level of information required is of a confidential nature and thus should not be made public.	

Template comments



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4.3.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
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4.5.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.6.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.7.	The required disclosures are currently addressed under IFRS accounts.	
4.8.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.9.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.10.		
4.11.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.12.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.13.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
4.14.		
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Template comments



Comments Template on CP9 – GR - Reporting		Deadline 20 January 2012 12:00 CET
4.17.	The majority of the required disclosures are currently addressed under IFRS accounts.	
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4.22.	The required disclosures are currently addressed under IFRS accounts.	
4.23.	The required disclosures are currently addressed under IFRS accounts.	
4.24.	The required disclosures are currently addressed under IFRS accounts.	
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4.30.	The required disclosures are currently addressed under IFRS accounts.	
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4.32.	The required disclosures are currently addressed under IFRS accounts.	
4.33.	The majority of the required disclosures are currently addressed under IFRS accounts.	
4.34.	The majority of the required disclosures are currently addressed under IFRS accounts.	
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4.36.	The required disclosures are currently addressed under IFRS accounts.	
4.37.	The required disclosures are currently addressed under IFRS accounts.	

Template comments



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4.38.	The required disclosures are currently addressed under IFRS accounts.	
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4.44.	The required disclosures are currently addressed under IFRS accounts.	
4.45.	The required disclosures are currently addressed under IFRS accounts.	
4.46.	The required disclosures are currently addressed under IFRS accounts.	
4.47.	The required disclosures are currently addressed under IFRS accounts.	
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4.50.	The required disclosures are currently addressed under IFRS accounts.	
4.51.		
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4.53.		
4.54.	The required disclosures are currently addressed under IFRS accounts.	
4.55.	The required disclosures are currently addressed under IFRS accounts.	
4.56.	The required disclosures are currently addressed under IFRS accounts.	
4.57.		
4.58.	Solvency ratio and minimum regulatory capital requirement are currently disclosed under IFRS	

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	accounts.	
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4.69.	We consider that the level of information required is of a confidential nature and thus should not be made public.	
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Template comments



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Template comments



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4.96.		
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4.101.		
4.102.		
4.103.		
4.104.	Captives should be exempted from public disclosure of certain information in accordance with Article 53 (1) of the Directive. Please see General comments above.	
4.105.		
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4.107.		
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