

**Comments Template on
CP8 -Draft proposal for Guidelines on ORSA**

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

Name of Company:		
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Confidential/Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ 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 <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to cp008@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper 008.</p>		
Reference	Comment	
General Comment	<p>The Group of North American Insurance Enterprises (GNAIE) is an association of insurers based in Bermuda, Canada, and the United States. A number of our member companies are active writers in the European Union and as such have an interest in the development of Solvency II, especially as it applies to third country companies.</p> <p>While many of our specific comments relate to the third country issues, GNAIE does support EIOPA's overall conclusions that an ORSA should reflect a company's own view of its risk profile and that no specific templates or stress tests are to be required. This approach is in line with the ORSA requirements recently</p>	

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	<p>adopted by the NAIC and we hope the similarity of the approaches will allow the use of a single ORSA report in the US and the EU.</p> <p>We also commend EIOPA for recognising that many companies conduct their ORSA on a group basis and for allowing the option of filing a single group wide ORSA report. We hope that this group wide approach will also be extended to third country based groups filing ORSA's with their supervisors under equivalence. We would urge EIOPA to develop further guidance as to the application of the ORSA Guidelines to groups based in third countries, especially assuming recognition of equivalence under Article 260.</p>	
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3.15.	GNAIE supports EIOPA's overall conclusions that a company should develop its own processes for the ORSA, tailored to fit its organizational structure and risk management systems.	
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3.21.	GNAIE would like to raise a question as to whether this requirement to justify the use of a different recognition and valuation bases would apply in the case of a group based in a third country which was equivalent under Article 260 for group supervision. It would seem that in cases of such equivalence, the ORSA would be performed using the valuation system of the equivalent third country. Would the justification described in this section have to be performed for the European subsidiary of the third country group if the group wide ORSA were done on the valuation basis required by the equivalence third country supervisor?	
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3.28.	Although the ORSA should be performed annually, the substance of thereport may not change materially every year. Does EIOPA make any distinction between documentation which is filed in the intial year of the ORSA and in subsequent updates where changes are not extensive ?	
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3.31.	<p>The application of the ORSA requirements to branches is not clear. Are branches and subsidiaries treated alike for purposes of the ORSA ?</p> <p>We think there also needs to be clarity as to third country groups in the absence of an equivalence ruling. In those cases, will the third country be obligated to file only the ORSA for its EEA subsidiaries ? Assuming that the third country group supervisor of the international group is requiring an ORSA, will the host supervisor in the EU wish to have access to the group ORSA ? Will review of the group ORSA by the group supervisor and discussion at the college of supervisors be sufficient? What if the third country does not require an ORSA ?</p>	
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3.33.	Does this translation requirement apply to branches?	
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3.38.	GNAIE supports allowing the option of filing a single group wide ORSA report. We hope that this single ORSA approach will also be extended to third country based groups filing ORSA's with their third country supervisors should the third country regime be deemed to be equivalent under Article 260. We would argue in the interest of equal treatment of all companies, this should be the case.	
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3.40.	Is there additional guidance regarding the group wide ORSA's consideration of third country undertakings related to third country groups with EEA subsidiaries both with or without equivalence ?	
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4.24.	We do not believe that the valuation basis of a third country group should be on the basis of Solvency II but rather on the basis used by that third country supervisor. We would appreciate guidance as to the basis of valuation for the EEA subsidiary of a third country group both in cases of equivalence and without equivalence.	
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4.29.	Additional guidance as to how this requirement applies to a subsidiary of a third country group is needed. What portion of the group wide ORSA, if any, needs to be available to the solo supervisor? What detail needs to be reflected in the solo ORSA if one is filed. Is college review of the group wide ORSA sufficient for the solo supervisor of a subsidiary of a third country group? Is the answer affected by equivalence?	
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4.85.	GNAIE supports allowing the option of filing a single group wide ORSA report. We hope that this single ORSA approach will also be extended to third country based groups filing ORSA's with their third country supervisors should the third country regime be deemed to be equivalent under Article 260. We would argue in the interest of equal treatment of all companies, this should be the case.	
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4.97.	GNAIE supports allowing the option of filing a single group wide ORSA report. We hope that this single ORSA approach will also be extended to third country based groups filing ORSA's with their third country supervisors should the third country regime be deemed to be equivalent under Article 260. We would argue in the interest of equal treatment of all companies, this should be the case.	
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Q1.	<p>We have raised questions as to how the ORSA Guidelines apply to third country groups in cases of equivalence. We think there also needs to be clarity as to third country groups in the absence of an equivalence ruling. In those cases, will the third country be obligated to file only the ORSA for its EEA subsidiaries ? Assuming that the third country group supervisor of the international group is requiring an ORSA, will the host supervisor in the EU wish to have access to the group ORSA ? Will review of the group ORSA by the group supervisor and discussion at the college of supervisors be sufficient? What if the third country</p>	

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	does not require a group ORSA ?	
Q2.	The application of the ORSA requirements to branches is not clear. Are branches and subsidiaries treated alike for purposes of the ORSA ?	
Q3.	<p>It will be very helpful for international groups to be able to use one ORSA worldwide to meet all the ORSA process and filing requirements.</p> <p>The NAIC is moving forward with an ORSA requirement and report which is very similar in its structure to that outlined in this consultation. We would suggest that both EIOPA and the NAIC discuss ways in which a single ORSA report can be used to meet these very similar requirements and that there be discussions with the IAIS to promote the acceptance of a single ORSA report which reflects a company's own view of its risk profile and that no specific templates be required.</p> <p>Bermuda is likely to require a slightly different ORSA (CISSA), but it would also be important to be able to use the Bermuda filing in the US and in Europe. We would encourage recognition of the Bermuda group wide ORSA as acceptable for the EEA subsidiaries of Bermua groups.</p>	
Q4.	We would suggest that EIOPA needs to consider how the ORSA requirement will be implemented in the case of third country groups in cases of equivalence and non-equivalence. There are a number of issues related to this situation which we have raised in specific sections of this paper including the ability to use a single group wide ORSA, reconciliation to the SCR/MCR, and valuation methods. GNAIE and its memebr companies would be pleased to discus these issues and others related to equivalence further with EIOPA.	
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Q8.	We do agree with EIOPA's conclusions that an ORSA should reflect a company's own view of its risk profile and that no specific templates or stress tests are to be required and the allowance of a single group wide ORSA.	
Q9.		