

Comments Template on CEIOPS-CP 62 Consultation Paper on the Draft L2 Advice on Cooperation and Colleges of supervisors		Deadline 11.09.2009 4 p.m. CET
Name of Company:	European Insurance CFO Forum	
Disclosure of comments:	<p>CEIOPS will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>Please indicate if your comments should be treated as confidential:</p>	<p>No. The CFO Forum comments are not confidential.</p>
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference". ⇒ 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>. ⇒ 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"> ○ 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. ○ If your comment refers to sub bullets/subparagraphs, please indicate this in the comment itself. <p>Please send the completed template, <u>in Word Format</u>, to secretariat@ceiops.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper No. 62 (CEIOPS-CP-62/09).</p>		
Reference	Comment	

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General Comment	<p>The current proposals are too general and will not support effective harmonisation.</p> <p>Greater emphasis needs to be placed on the demarcation of responsibilities between group and local supervisors to ensure consistency and harmonisation. Based on supervisors' own statements, inconsistencies are known to exist with some lead supervisors expecting to take a significant role in the supervision of all group entities whilst others significantly expect to delegate those responsibilities.</p> <p>Additional disclosure requirements should not be required specifically for the role of the college.</p> <p>We do not believe that the information needed from (re)insurance undertakings for the purpose of this Consultation Paper should in any respect go beyond what is already required in CP 58: Supervisory Reporting and Public Disclosure Requirements.</p> <p>It would be useful if hyperlinks could be added where reference is made to other sources of information within this Consultation Paper.</p>	
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3.12.	Comments in 3.32 are also relevant here.	
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3.18.	<p>Flexibility should exist as to where best to disclose the assessment of solo undertakings' governance processes, systems and controls.</p> <p>The CFO Forum believes the required disclosures should be flexible enough to cater to the organisation structure of the group concerned. Groups should have the flexibility to agree with the supervisor as to how disclosures for solo entities are dealt with. For example, where the risk management function is centralised, the disclosure may be made at the group level.</p>	

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3.31.	<p>Guidance around the role of the College is repeated in CP60 – Advice on Group Solvency Assessment.</p> <p>To ensure consistency, we recommend that guidance around the role of the College is defined in only one place in the Level 2 implementing measures and any need to further reference the role of the college is cross-referenced to the relevant section.</p> <p>A mandatory minimum process for exchanging information should be established so as to achieve consistency.</p> <p>Each College of Supervisors will be specific to the group it is supervising. A standardised minimum process of exchanging information should be established so that consistency is achieved in the treatment of groups across Europe.</p>	

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3.32.	<p>Further clarification is required around which body will grade the progress of the different colleges and how conflicts between supervisors will be resolved.</p> <p>It is not clear which body will monitor the progress of the different Colleges of Supervisors against the principles set out in 3.32. It is also not clear which body would resolve any conflict between supervisors. Further clarification in these areas is required.</p> <p>The diagram in 3.16 should be updated to reflect this outcome.</p> <p>The scope of essential information should be the same for all companies across Europe to ensure consistency.</p> <p>We suggest the scope of the essential information should be the same for all companies across Europe. Relevant information exchanged by the supervisors regarding the group should be communicated to the group.</p> <p>Comments in 3.18 and 3.31 are also relevant here.</p>	
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3.60.	<p>The 2% threshold for market share is too low. Consideration needs to be given to the market share of the territory in the context of the group as a whole.</p> <p>Attention needs to be given to the materiality of market share relative to the group operations as a whole.</p> <p>This is of particular relevance for large groups operating in new markets. A market share of 2% or 5% in one territory could still account for an insignificant part of the group's total operations and would therefore be of less importance to the supervision of the group. The CFO Forum recommends that a sliding scale should apply taking into consideration both the market share of the operation and the overall materiality to the group.</p>	
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3.69.	<p>Communication with the group and its entities should also be described in the coordination arrangements.</p> <p>The coordination arrangements should also include how communication with the Group and its entities at both central and local level is to be coordinated.</p>	

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3.70.	<p>The level 2 implementation measures should include a timetable for the establishment of the cooperative and consultative framework and the communication of this to group.</p> <p>Timetable is a key feature of both group governance review and internal model pre-application process, especially in a group context as it involves different supervisors and different undertakings.</p> <p>The level 2 implementation measures should include a timetable for setting up the cooperative and consultative framework and communicating it to the Group. This is essential given the requirement to meet the first deadline of 31st October.</p>	
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3.83.	<p>The specialist supervisory teams as defined in 3.77 should be referenced here to enhance their visibility and groups' understanding of the way they will be supervised.</p> <p>We welcome the use to specialised supervisory teams to facilitate the relationship between supervisors and groups and recommend that reference to them is added here to enhance their visibility and ensure groups understand the way they will be supervised.</p>	

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3.89.	<p>The Level 2 implementation measures should put in place a proper protocol for protection of data.</p> <p>The guidelines for protection of data in CP62 and the Directive are insufficient. Supervisors will have access to information which will be market sensitive both for individual companies and potentially have wider market impacts.</p> <p>The Level 2 implementing measures should put in place a proper protocol around the use, sharing and protection of confidential information, including specific guidelines on exceptional circumstance. Consequently there should be no circumstances when supervisors are permitted to breach these guidelines.</p>	
3.90.	Comments in 3.89 are also relevant in here.	
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3.92.	<p>Crisis management needs to be considered earlier.</p> <p>CEIOPS needs to consider processes to permit a harmonised response to pan-European or global crisis events.</p>	
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3.116.	<p>Consistent disclosure requirements should be established to facilitate all elements of supervision.</p> <p>Additional disclosure requirements should not be required specifically for the role of the college.</p> <p>In order to limit the already high level of supervisory disclosure that will result from the Solvency II framework, the CFO Forum does not believe that the information required for undertakings for the purpose of this CP should go beyond that already required in CP58: Supervisory Reporting and Public Disclosure requirements.</p>	
3.117.	Comments in 3.116 are also relevant in here.	
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