

Comments on Consultation 31-09 Draft L2 Advice on SCR Standard Formula –Allowance for financial mitigation techniques

Name company: PricewaterhouseCoopers LLP UK

Please insert your comments in the table below, and send it to secretariat@ceiops.eu in word format. In order to facilitate processing of your comments, we would appreciate if you could refer to the relevant section and/or paragraph in the Consultation Paper 31-09.

Reference	Comment
General comment	Contractual Period: while the CP discusses basis risk, further clarification could be provided regarding potential mismatches between 1) the subject period of the capital requirement calculation ("subject period") and 2) the period of the financial mitigation contract ("contract period"). For instance, the treatment of the following situations could be further clarified 1) financial mitigation contract not yet in place when modelling is done but due to incept and cover the subject period, 2) financial mitigation contract partially covering the subject period, 3) financial mitigation contract partially covering the subject period but expected to be renewed to covered the entire subject period.
General comment	Shared Claims: again, while the paper discusses basis risk, further clarification could be provided regarding financial mitigation techniques covering the entity under considerations, as well as other entities (typically within the same group, but not necessarily subject to Solvency 2). The entity under consideration may not be able to fully recover from the financial mitigation technique, if another entity also claims on it.