

Comments Template on CEIOPS-CP 78 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical criteria for assessing 3rd country equivalence in relation to art. 172, 227 and 260		Deadline 05.02.2010 12.00 CET
Name of Company:	PricewaterhouseCoopers ¹	
Disclosure comments:	of CEIOPS will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments should be treated as confidential:	Public
<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, in Word Format, to secretariat@ceiops.eu. Our IT tool does not allow processing of any other formats.</p> <p style="text-align: center;">The numbering of the paragraphs refers to Consultation Paper No. 78 (CEIOPS-CP-78/09).</p>		
Reference	Comment	

¹ Following consultation with members of the PricewaterhouseCoopers network of firms in the European Union, this response summarises the views of member firms who commented on this consultation paper. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

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General Comment	<p>We welcome the opportunity to respond to this consultation paper. We would like to raise some questions on the approach to the assessment of supervisory equivalence outlined in the Consultation Paper:</p> <ul style="list-style-type: none"> • We welcome a principles-based approach to the assessment of supervisory equivalence. We recognise that flexibility needs to be built into the approach when assessing whether third country supervisory regimes provide similar outcomes to Solvency II although in certain areas direct equivalence would be necessary to achieve such an outcome. The Consultation Paper sets out principles, objectives, and indicators for making the assessment. The principles and objectives are consistent with the Level 1 text, as CEIOPS' intended. We would appreciate CEIOPS' views on the need to include detailed indicators at Level 2. Too detailed coverage of the individual indicators in the Level 2 text could restrict the ability to flex the assessment appropriately to focus on the supervisory outcomes in third countries. However, a more detailed overview of the assessment process itself – how decisions will be reached in relation to a combination of factors – might helpfully be included in Level 2 measures: essentially a more detailed discussion of the approach outlined in A1.14. Also, if there is a the possibility of a weighting of factors – i.e. certain factors are deemed more important than others, or the possibility that some factors will need direct equivalence to Solvency II requirements, whereas others will require a more qualitative assessment, could also be laid out clearly in the Level 2 measures. Given the proposed developments in relation to the establishment of EIOPA, it may be appropriate to consider including detailed consideration of the indicators in Level 3 technically binding standards and/or guidance. This would also have the advantage of allowing more flexibility to adapt the indicators in the future to reflect changing regulatory approaches and best practice. • We note that the principles, objectives and indicators are not identical for the three articles, and would welcome further guidance on CEIOPS' thinking behind the differences, and what incremental criteria third countries that are equivalent under one article would have to satisfy to achieve equivalence under the other articles. • Please see also our comments on the assessment methodology at Annex 1, below. 	
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Annex 1		
A1.1.	We welcome the initial outline of the methodology to be applied when assessing the equivalence of a third country supervisory regime set out in Annex 1. We consider the methodology to be applied to be a key element of the assessment of equivalence, and would welcome more detail on how CEIOPS envisages the assessment process will work in practice. In our view, it would helpful to set out details of the methodology to be applied at Level 2, in order to foster supervisory convergence.	
A1.2.		
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A1.5.	We note that this may be something of a 'moving target' and consequently suggest that consideration should also be given to a third country regimes' short-term prospective plans in terms of its regime. Solvency II is not yet implemented, and when implemented will continue to evolve. Particularly, in terms of the assessments to be made prior to the implementation of Solvency II, we believe it would be appropriate for the assessment to take due consideration of and give credit to situations where new regulatory measures or enhancements are in the process of being implemented in a third county and will be in place prior to the effective date of Solvency II.	

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A1.6.		
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A1.10.	It is not clear whether sign-off from the Commission will be necessary even in cases where CEIOPS members undertake an equivalence assessment on their own initiative.	
A1.11.	<p>Reflecting our comment about a 'moving target' above (A1.5.), we would appreciate more clarification of the 'cut off' point in terms of undertaking the assessment. Third country regimes may continue to evolve positively while an assessment process is underway.</p> <p>Given the substantive effort required by both parties in undertaking the assessment, this will clearly take considerable time and resources. We would encourage CEIOPS to develop a methodology that does not prohibit third countries from attaining equivalence purely through time and resource shortfalls.</p>	
A1.12.		
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A1.15.	<p>We would welcome additional guidance on how CEIOPS would expect third country supervisors to demonstrate that national provisions are applied in practice (for example, questionnaires completed by or in respect of key insurers in that territory).</p> <p>The last sentence of paragraph A1.15. is somewhat unclear, and does not explain what impact proposed improvements (rather than actual observance) will have on the assessment overall.</p>	