

<b>Comments Template on CEIOPS-CP 48</b> <b>Consultation Paper on the Draft L2 Advice on SCR Standard Formula – Non-Life underwriting risk</b>		<b>Deadline</b> <b>11.09.2009</b> <b>4 p.m. CET</b>
Name of Company:	<b>PricewaterhouseCoopers LLP</b>	
Disclosure of comments:	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:	No
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <b>Do not</b> change the numbering in the column “reference”.</li> <li>⇒ 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>.</li> <li>⇒ 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"> <li>○ 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.</li> <li>○ If your comment refers to sub bullets/subparagraphs, please indicate this in the comment itself.</li> </ul> </li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:secretariat@ceiops.eu">secretariat@ceiops.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to Consultation Paper No. 48 (CEIOPS-CP-48/09).</p>		
Reference	Comment	
General Comment	Overall we are in support of many of the proposed changes to the non-life risk module. In particular we support CEIOPS’ view that the formula is already fairly complex and introducing additional complexity is unlikely to be welcomed.	

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	<p>We further support that firms should consider the internal model route (partial or full) where their own risk profile is not appropriately considered within the standard formula.</p> <p>However, we also believe that for some firms the internal model route will be onerous and costly. As such we believe that these firms should have the opportunity to adapt the assumptions within the standard formula as part of their ORSA to fit their risk profile better.</p>	
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3.6.	<p>We agree that the allowance of certain risk mitigation contracts e.g. non-proportional reinsurance is would introduce unnecessary complexity within the standard formula. As such we support that firms consider partial models to allow for their specific risk mitigation contracts appropriately. However, as mentioned above in the general comments investing in internal model development and approval would be disproportionately costly. As such, we believe that firms should also have the opportunity to</p>	

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	adapt the assumptions within the standard formula as part of their ORSA to fit their risk profile better.	
3.7.	We believe that a more suitable approach would be for the catastrophe related and non-catastrophe related premiums and claims amounts to be split up and treated separately.	
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3.25.	In CP 27, CEIOPS mentioned that the classes of business should be split into homogenous groups, however the segmentation provided in 3.25 does not reflect homogenous groupings in two particular areas:	

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	<p>- Marine, Aviation, Transport - This category is very broad and the risk characteristics between each of the components differ.</p> <p>- Third party liability - Financial liability (e.g. Professional Indemnity) classes are also included within this class however the claims characteristics between General Liability and Professional Indemnity for example are very different.</p>	
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3.36.	<p>We support the creation of standardised catastrophe scenarios with input from the industry. However, developing standardised scenarios that are applicable across Europe will be challenging and we strongly believe that testing of these scenarios during QIS5 is very important.</p>	
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