

Comments Template on CEIOPS-CP 52 Consultation Paper on the Draft L2 Advice on SCR Standard Formula – Reinsurance mitigation		Deadline 11.09.2009 4 p.m. CET
Name of Company:	PricewaterhouseCoopers LLP	
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"> ⇒ Do not change the numbering 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>The numbering of the paragraphs refers to Consultation Paper No. 52 (CEIOPS-CP-52/09).</p>		
Reference	Comment	
General Comment	We welcome the general “high level guidance” approach which recognises that risk transfer techniques evolve as well as the focus on the economic substance of risk transfer arrangement as opposed to the legal form.	

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1.1.		
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1.5.	Section 3 of the Level 1 text defines risk mitigation technique as “all techniques, which enable insurance and reinsurance undertakings to transfer part or all of their risks to another party”. Paragraph 1.5 states that the focus of the advice is on reinsurance and securitisation transactions. This may imply that other risk mitigation techniques, for example ILWs are weather derivatives, are excluded, unless CEIOPS considers these to be within the scope of “reinsurance and securitisation arrangements”. We request CEIOPS clarifies whether these techniques are included within the scope set out in paragraph 1.5, and if they are excluded where CEIOPS will consider them. We note that paragraphs 3.1 and 3.23 imply that all types of risk mitigation technique are included.	
1.6.		
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3.1.	See our comments on paragraph 1.5.	
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3.23.	See our comments on paragraph 1.5.	
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3.31.	Principle 4 is entitled 'Liquidity and valuation'. Paragraphs 3.31, 3.32 and 3.33 do not appear to cover this topic.	
3.32.	See our comments on paragraph 3.31.	
3.33.	See our comments on paragraph 3.33.	
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