

**Comments Template on CEIOPS-CP 59
 Consultation Paper on the Draft L2 Advice on Implementing Measures on Solvency II:
 Remuneration Issues**

**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"> ⇒ <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>The numbering of the paragraphs refers to Consultation Paper No. 40 (CEIOPS-CP-40/09).</p>		
Reference	Comment	
General Comment		
1.		

**Comments Template on CEIOPS-CP 59
Consultation Paper on the Draft L2 Advice on Implementing Measures on Solvency II:
Remuneration Issues**

**Deadline
11.09.2009
4 p.m. CET**

1.1.		
1.2.		
1.3.		
1.4.		
1.5.		
1.6.		
1.7.		
1.8.		
1.9.		
1.10.		
1.11.		
1.12.		
2.		
2.1.		
2.2.		
2.3.		
3.		
3.1.		
3.2.		
3.3.		
3.4.		

Comments Template on CEIOPS-CP 59 Consultation Paper on the Draft L2 Advice on Implementing Measures on Solvency II: Remuneration Issues		Deadline 11.09.2009 4 p.m. CET
3.5.		
3.6.		
3.7.		
3.8.		
3.9.		
3.10.		
3.11.	It is the interaction between governance of remuneration, remuneration policy and determination of remuneration that is important. In particular, the governance of remuneration is critical and it is this issue that primary focus should be on.	
3.12.		
3.13.		
3.14.		
3.15.		
3.16.		
3.17.		
3.18.	It would be helpful if consideration could be given to providing guidance on the proportion of remuneration that should be focussed on long term performance and for whom this should apply.	
3.19.	The interaction with corporate governance for listed companies (e.g. UK's Combined Code) and other regulatory requirements may affect on the approach to compensation for organisations in some territories.	
3.20.		
3.21.		
3.22.		

Comments Template on CEIOPS-CP 59 Consultation Paper on the Draft L2 Advice on Implementing Measures on Solvency II: Remuneration Issues		Deadline 11.09.2009 4 p.m. CET
3.23.		
3.24.		
3.25.		
3.26.		
3.27.		
3.28.		
3.29.		
3.30.	The critical skill set that is required is risk management. Input from the CRO should be factored into the design and calibration of incentive remuneration arrangements and the allocation of compensation to teams and individuals. The form of this input should be determined by each organisation but the remuneration committee, or other body ultimately responsible for remuneration, needs to have independent access to relevant information from the risk/ actuarial function.	
3.31.		
3.32.		
3.33.		
3.34.	It is unclear as to the purpose of this paragraph. It may be entirely appropriate to retain the link to the performance of the business for unvested awards after the employee has left the organisation service. Whilst this is not currently common practice it may be an appropriate response for those organisations with long-tailed liabilities.	
3.35.	Whilst this is in line with remuneration best practice, it is unclear the purpose of this paragraph in the context of Solvency II.	
3.36.		
3.37.	It would be helpful if guidance could be given to the meaning of "a major part of a significant bonus".	
3.38.		

Comments Template on CEIOPS-CP 59 Consultation Paper on the Draft L2 Advice on Implementing Measures on Solvency II: Remuneration Issues		Deadline 11.09.2009 4 p.m. CET
3.39.		
3.40.		
3.41.		
3.42.		
3.43.	The Committee may wish to expand the range of risks that should be considered in determining both individual bonus amounts and group-wide bonus pools, including those risks that are difficult to quantify (e.g. reputational) where judgement would need to be applied.	
3.44.		
3.45.		
3.46.	This should not be restricted to long term compensation but should include short term compensation (e.g. annual bonus)	
3.47.		
3.48.		
3.49.		
3.50.		
3.51.		
3.52.		
3.53.		
3.54.		
3.55.		
3.56.		
3.57.		

Comments Template on CEIOPS-CP 59 Consultation Paper on the Draft L2 Advice on Implementing Measures on Solvency II: Remuneration Issues		Deadline 11.09.2009 4 p.m. CET
3.58.		
3.59.	It should be recognised in guidance that a deferred bonus linked to the annual bonus and a separate long term incentive can fulfil the same function. Hence it is the combination of these two arrangements that should be considered.	
3.60.	It should be noted that the relevance of non-financial factors should be meaningful.	
3.61.		
3.62.		