

| Comments Template on CEIOPS-CP 67 Consultation Paper on the Draft L2 Advice on Treatment of participations | | Deadline 11.12.2009 12.00 CET |
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| Name of Company: | AMICE | |
| 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: | 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, <u>in Word Format</u>, 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. 67 (CEIOPS-CP-67/09).</p> | | |
| Reference | Comment | |
| General Comment | These are AMICE´s views at the current stage of the project. As our work develops, these views may evolve depending in particular on other elements of the framework which are not yet fixed. | |

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| | <p>AMICE members have reservations on the treatment proposed by CEIOPS, some of the concerns are the following</p> <ul style="list-style-type: none"> • CEIOPS wants to consider the participating entity as a solo entity, as it was done in QIS4, participations should be therefore treated in the equity risk module, with a reduced equity shock as defined in the Directive. In this case, the subordinated debt given to the participation by the participating entity should not be excluded from the own funds of the participating entity, and should be considered in the market risk module as any other investment. • AMICE members agree with CEIOPS minority view to apply a reduced equity shock in order to take into account the likely reduction in volatility due to its strategic nature and the influence exercised by the participating undertaking. This approach is in line with Article 109 (1) (ja) and 105.5 of the Level 1 text; CEIOPS should not therefore deviate from the Level 1 text. <p>Goodwill</p> <ul style="list-style-type: none"> • Eliminating the goodwill does not recognise the fact that goodwill has an economic value. Additionally, it will be impracticable for the undertakings to eliminate the goodwill when using listed prices, Results could be very variable depending on the methodology chosen, but a company has a value and its value does not change if its shareholders change. | |
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| 4.8. | CEIOPS writes that in addition to double gearing the majority of CEIOPS members that systemic risk, among others, are relevant when considering the issue of participations. | |
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| 5.23. | <p>The approach described in paragraphs 5.12.-5.23 seems not to be consistent with the general risk-based approach of the Level 1 text as set out in article 109 .1(ja) and 105.5. setting the criteria for the calculation of the solvency capital requirements.</p> <p>The amount which will be deducted from the eligible own funds of the participating undertaking if such approach is applied, will not necessarily reflect the inherent risk of those assets. Furthermore, should the suggested regulation be implemented, it will have a restrictive effect on the way insurance and reinsurance undertakings organize their business. Thus, AMICE members reject the suggested proposal.</p> | |
| 5.24. | We also agree with the Commission that the approach recommended by CEIOPS is not consistent with the Level 1 text. | |
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| 5.31. | AMICE members strongly support CEIOPS minority view that allows the equity risk shock to be reduced according article 109(ja) in order to take into account the likely reduction in volatility due to the | |

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| | strategic nature of the related undertakings and the influence exercised by the participating undertaking. We therefore support a 50% reduction in the standard equity shock (as was done in QIS4). | |
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| 6.7. | We reject CEIOPS proposal to exclude own funds arising from participations in financial and credit institutions. We agree with the CEA that they should be treated as equity investments and that a reduced equity shock should apply | |
| 6.8. | | |

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| 6.9. | See our comments to 5.23 and 5.31. | |
| 6.10. | | |
| 6.11. | CEIOPS writes that any inherent goodwill in the valuation should be excluded from the own funds of the participating undertaking. Eliminating the goodwill does not recognise the fact that goodwill has an economic value. Additionally, it will be impracticable for the undertakings to eliminate the goodwill when using listed prices, Results could be very variable depending on the methodology chosen, but a company has a value and its value does not change if its shareholders change. | |
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| 6.16. | We share CEA concerns on the penalisation of financial participations compared to non-financial non-regulated participations. | |
| 6.17. | We also share CEIOPS member view that all participations included within the scope of group supervision should be treated as equity investments and subject to an equity charge. | |
| 6.18. | As mentioned in paragraph 5.31, AMICE members agree with CEIOPS minority view to apply a reduced equity shock in order to take into account the likely reduction in volatility due to its strategic nature and the influence exercised by the participating undertaking. This approach is in line with Article 109 (1) (ja) and 105.5 of the Level 1 text and CEIOPS proposal should not deviate from this. In this regard we support the QIS4 approach. | |
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| Annex A | | |
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| Annex B | | |
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| B.30. | | |