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Consultation Paper 92
Prudential Policy Division - Insurance
Central Bank of Ireland
PO Box 559
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Dublin 2

From: Colm Costello
Department: CEO
Phone: + 353 1 512 5402
Date: 29th May, 2015
Our Ref.: Allianz Re Dublin Limited response to Consultation Paper CP92

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Dear Sir/Madam,

Allianz Re Dublin Limited ('the Company') welcomes the opportunity to submit a response to the Central Bank's 'Consultation 92 on the Domestic Actuarial Regime and Related Governance Requirements under Solvency II'.

Our comments are as follows:

General Comments

In the context of Solvency II as a maximum harmonisation directive, the Company does not believe there is a need to introduce specific domestic requirements that impose additional requirements on Irish firms, and contend that it is contrary to the principle of a "level playing field" for (re)insurers in the European market. Specifically, the Company questions the need for Peer Review and additional requirements in the Actuarial Function Report.

The Company thinks that some of the requirements are quite prescriptive, in effect moving from a principle based regime to a rules based regime. Some requirements are also very onerous, e.g. only allowing one month for preparation of a peer review report, or may not be practical for certain (re)insurers, e.g. a single individual to be Head of Actuarial Function for a composite reinsurer.

The Company would welcome clarification on whether the Requirements on Reserving and Risk Governance for Variable Annuities published in 2010 will be superseded and replaced by these new Governance Requirements.

Specific Topics

1.2 The Company believes that the narrative reporting requirements under Solvency II, particularly the section on TPs, address the objective of actuarial reporting to the Central Bank.

3.1 I. As it may be difficult to find individuals with sufficient breadth of skills and experience, the Company recommends that composites should be allowed to have two Heads of Actuarial Function, split according to business segment.

3.1 III. The Company understands that these requirements are covered under Article 48 (i) of the Solvency II directive. The Company would welcome clarification if extra requirements above Solvency II framework are required here.

3.2 I. The Company questions the value of the AO TP as the Company believes that in most cases this will result in the HoAF giving an opinion on his/her own work.

3.2 I (a) The Company would welcome further clarification on what it means to say that the TPs have been *adequately* calculated. What is the purpose, for which they should be adequate, is this compliance with Solvency II requirements or some other metric?

3.3 The Company would welcome further clarification on this section. For example, e(ii), f(iii) appear to be relevant to non-life (re)insurers only. Paragraph (i) could be interpreted to require a comment on every piece of information seen by the HoAF whether relevant to TP or not.

3.4 Article 48 of the Solvency II directive states that the Actuarial Function is responsible for coordinating the calculation of the TP and ensuring the appropriateness of methods, models and assumptions used.

The Company believes this creates a conflict with the requirement for the Reserving Committee to oversee the governance of the setting of TPs.

3.6 VII. Many HoAF will be members of the Society of Actuaries in Ireland or similar professional bodies and will thus have codes of professional conduct which include assurance that they will act impartially and with integrity. As such, the Company questions the value of a Peer Review Report if its objective is to provide the undertaking with an *independent view* of their TPs.

3.9 The Company would recommend that existing Chief Actuaries are grandfathered into the new PCF role.

4.1 The Company believes that this section is not relevant to Life Reinsurers.

4.1 I (a) The Company believes that this should only apply where there is policyholder participation in profits.

4.1 I (b) The Company do not believe it is appropriate for the Actuarial Function to be responsible for monitoring this compliance. With regard to Article 46 of the Solvency II directive this would appear to be more a topic for the Compliance Function.

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5.2 The Company would welcome clarification on whether an exemption applies only where neither of these types of business is carried on (e.g. does it apply to a reinsurer carrying on internal business only, some of which is motor, liability or financial guarantee?)

Yours faithfully,



Colm Costello, CEO

