

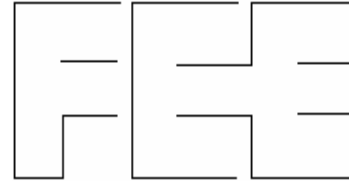
Date
30 April 2008

Le Président

Fédération
des Experts
Comptables
Européens
AISBL

Av. d'Auderghem 22-28/8
1040 Bruxelles
Tél. 32 (0) 2 285 40 85
Fax: 32 (0) 2 231 11 12
E-mail: secretariat@fee.be

Mr Carlos Montalvo Rebueta
Secretary General
CEIOPS
Westhafen Tower
Westhafenplatz 1
D-60327 FRANKFURT AM MAIN



Secretariat@ceiops.eu

Dear Mr Montalvo Rebueta,

Re: Consultation Paper No. 24 Draft Advice on the Principle of Proportionality in the Solvency II Framework Directive Proposal – ref.: CEIOPS-CP-01/08

1. FEE (Fédération des Experts Comptables Européens - Federation of European Accountants) welcomes the opportunity to comment on the Draft Advice to the European Commission on the Principle of Proportionality in the Solvency II Framework Directive Proposal, as published by CEIOPS in February 2008 (“the Consultation Paper”).
2. We support the conclusion of the Consultation Paper (paragraph 101) that the proportionality principle is an essential means to ensure that the new regime is workable for all EEA insurers and provides a level playing field.
3. The application of the proportionality principle should ensure that the same level of protection is guaranteed for all policyholders. In our view, this must be the overriding principle. We agree with the conclusions of CEIOPS that policyholders should not expect a lower degree of protection simply because their cover is provided by a smaller undertaking.

In addition, we have the following specific comments:

Principles-based approach

4. We welcome the principles-based approach to define the criteria for applying the proportionality principle and to assess what is proportionate. Insurers need to define in a transparent and, where relevant, auditable way when, how and why the proportionality principle is applied.

Internal control

5. We support the general principle that while functions or processes may be outsourced, the ultimate responsibility for the internal control system cannot be outsourced as detailed in paragraph 65 of the Consultation Paper.

6. An insurance undertaking needs to be a certain size in order to obtain a proper segregation of duties, to avoid conflicts of interests and responsibilities. This issue needs to be addressed in the Consultation Paper.

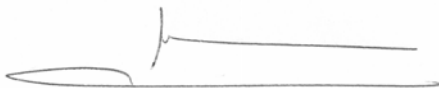
“Nature”, “scale” and “complexity”

7. In assessing what is proportionate, we agree with the Consultation Paper that three conditions should be considered in conjunction: *“nature”, “scale” and “complexity”*. In general, we support the approach presented in paragraph 21 of the Consultation Paper as an illustration of how this interaction can be expected to work in practice. We share the view that the use of simplified techniques is not justified solely because of the small-scale of an insurer, if the other two criteria for assessing proportionality are not met.
8. However, it would be useful to have additional application guidance in form of examples of the various possible scenarios arising in practice as a result of the different combinations of the three conditions, as well as specific scenarios when the use of simplified methods may be allowed.

Minimum level of qualitative and quantitative requirements

9. We believe that there should be a pre-defined minimum level of qualitative and quantitative requirements within the suggested framework to be complied with by all insurers, even if the conditions for the use of simplified methods are met. It would be useful for the CEIOPS to outline what those minimum requirements would be.
10. We would be pleased to discuss any aspect of this letter you may wish to raise with us.

Yours sincerely,



Jacques Potdevin
President