Comments Template on EIOPA-CP-14-043 Draft proposal for Level 3 Guidance on valuation of assets and liabilities other than technical provisions		Deadline 02.Mar.2015 23:59 CET
Company name:	Federation of European Accoutnatnts (FEE)	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
	Please follow the instructions for filling in the template: ⇨ Do **not** change the numbering in column "Reference". ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. o 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. o If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself. **Please send the completed template to Consultation_Set2@eiopa.europa.eu, in MSWord Format, (our IT tool does not allow processing of any other formats).** The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-043.	
Reference	**Comment**	
General Comment		
1.1.		
1.2.		
1.3.		
1.4.		

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1.5.		
1.6.		
1.7.	It is stated here that the GLs refer to the Implementing Measures which specify measurement principles for the valuation of assets and liabilities other than technical provisions. The wording in the GLs should also consider that the Implementing Measures distinguish between recognition and valuation (see Art. 9 par. 1 Draft Delegated Acts).	
1.8.	The definition of written premiums provided here is only necessary to describe the policy options. So, for the final GL it is no longer necessary and should be deleted.	
1.9.		
1.10.		
1.11.		
1.12.		
1.13.		
1.14.		
1.15.		
Guideline 1		
Guideline 2	In our view it does make sense to require a consistent application of alternative valuation methods. The GL explicitly states that undertakings should consider if a change in valuation techniques leads to a more appropriate fair value measurement and mentions several triggers indicating that this may be the case. It should be added that a change of applying alternative valuation methods should be allowed if it contributes to a reduction in cost, but does not result in less appropriate measurement.	
Guideline 3	(1) The interaction of this Guideline and Article 9(3) of the Delegated Acts should be clarified. Article 9(3) requires the use of the valuation methods in accordance with IFRS where these are consistent with Solvency II's requirements. The table appended to the Guidelines states "Undertakings shall apply the fair value model and the revaluation model of IAS 40 and IAS 16 respectively when valuing property". Given the apparent indication that valuation should follow IFRS it is unclear why a separate	

	Guideline is needed in this area. (2) If this guideline is to be maintained then it should also be clarified how the guidance provided on alternaiave valuation methods relates to the fair value hierarchy prescribed by Article 10 of the Draft Delegated Acts. Whereas alternative valuation methods clearly are classified as “level 3”-methods in Art. 10, the GL mentions current prices in an active market as the measurement basis for alternative valuation methods which is confusing. We wonder if the guidance included here is really needed as it seems to restrict the possibility of using alternative valuation methods. The fair value hierarchy in Art. 10 Draft Delegated Acts does not allow for such a restriction.	
Guideline 4		
Guideline 5		
Guideline 6		
Guideline 7		
Guideline 8	In some cases ancillary own funds provided may give rise to an actual liability recognised under IFRS (e.g. a provision under IAS 37 or a financial liability under IAS 39). It should be made clear that this guideline is only relevant in circumstances where an actual (i.e. non-contingent) liability has not been recognised.	
Guideline 9		
Guideline 10		
Guideline 11		
Guideline 12	It should be checked if this GL unnecessarily restricts the possibilities of recognizing and valuing an asset or liability (other than technical provisions) based on the valuation method used for preparing the annual or consolidated financial statements. In particular, it should be allowed and explicitly clarified that fair values which are disclosed in the notes to financial statements according to Art. 46 par. 3 IAD (Insurance Accounting Directive) are also allowed to be used under the derogation in Art. 9 par. 4 Draft Delegated Acts.	
Explanatory text Guideline 5		

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Explanatory text Guideline 6/7		
Explanatory text Guideline 8		
Explanatory text Guideline 9		
Explanatory text Guideline 10		
Explanatory text Guideline 11		
Explanatory text: Table consistency of IFRS valuation	The table is not referred to in the Guidelines and so its status is unclear. A Guideline should clarify the status of the table. In respect of financial instruments the table notes that IAS 39's 'fair value measurement is applicable'. Under IAS 39 paragraph 43A the initial measurement of a financial instrument may not equate to the (modelled) fair value where that (modelled) fair value differs from the transaction price. Where paragraph 43A of IAS 39 applies the guidelines should clarify whether the financial instrument should initially be measured at the (modelled) fair value or at the transaction price as required under IAS 39. If the guidelines indicate that a (modelled) fair value should be used it should be clarified why measurement as required by IAS 39 para 43A is not considered to be consistent with Solvency II's requirements. In respect of IAS 41, the table requires that IAS 41 is applied to biological assets where costs are not-material, ie. the asset should be measured at fair value less costs to sell. However, where the costs to sell are material the table suggests that these costs should be included. FEE would suggest that all biological assets are measured at fair value less costs to sell, in order to achieve full consistency with international standards.	
Technical Annex		
Annex I: Impact		

Assessment		