

Bologna, March 11th 2016

Subject: Comments on "Revisions to the Standardised Approach on credit risk - second consultation" released by the Basel Committee on Banking Supervision in December 2015

To Whom It May Concern,

Considering the possibility offered by the Basel Committee to participate to the consultation regarding the Revisions to the Standardised Approach on credit risk, Unipol Group would like to propose comments on the consultative document. In particular, Unipol Group would like to comment the treatment of Insurance Companies in the proposed Revisions to the Standardised Approach on credit risk (hereafter "the proposed approach").

Under the current discipline of the Standardised Approach, as in the proposed approach, Insurance Companies' exposures are included among exposures to Corporates. According to Unipol Group point of view, the treatment given to Insurance Companies may introduce a regulatory misalignment between the proposed approach and the one introduced by the new prudential regime of the Solvency II framework for (Re)Insurance Companies ("Solvency II regime") that came into effect on January 1st, 2016.

In case of exposures to (Re)Insurance Companies for which a credit assessment by a nominated ECAI is available, the Delegated Regulation (EU) 2015/35 (also known as "Delegated Acts") set a probability of default depending on the Credit quality step. The same criteria are adopted when evaluating the probability of default for a Bank Exposure¹.

Furthermore, when assessing the probability of default of Credit Institutions and Financial Institutions - for which a credit assessment by a nominated ECAI is not available - the Delegated Acts recognize² to Banks a preferred credit worthiness (Credit quality step) if these counterparties comply with the solvency requirements set out in Directive 2013/36/EU and in Regulation (EU) No 575/2013.

This preferred treatment is the same that the Solvency II regime acknowledges to any insurance counterparty - for which a credit assessment by a nominated ECAI is not available - situated in a third country whose solvency regime is deemed equivalent to the Solvency II regime³.

¹ See Article 189 and 199 of the Delegated Acts.

² See Article 199 of the Delegated Acts.

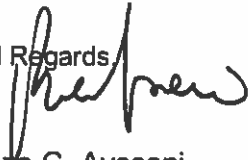
³ See in particular Article 227 of the Directive 2009/138/EC.

Thus, the Delegated Acts imply that a counterparty that operates in a regulatory framework which involves risk sensitive capital requirements and is supervised by identified Central Authorities has an higher credit resilience if compared to any other private company regardless if the counterparty is a (Re)Insurance Company or a Bank. This approach is also coherent to the choice, made by several countries, to have just a single financial authority for both the banking and the insurance sectors.

Considering what has been mentioned above is obvious that the Solvency II regime applies a uniform treatment to counterparties belonging to banking or insurance sector.

Having said that Unipol Group proposes to adopt the equivalence outlined above in the proposed approach including exposures to Insurance Companies, under the Solvency II regulatory regime, in the same category of exposures to Banks or in an equivalent category.

Kind Regards,



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