

IVASS: new consultation on investments and assets covering technical reserves

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On 10 June 2014, IVASS has placed in public consultation the Regulation relating to the update of provisions on investments and assets covering technical reserves pursuant to Regulation no. 36/2011.

The amendments made to the Regulation are intended to expand the opportunity for insurance companies to diversify their investments, obtaining a wider range of risk-return combinations.

In particular, the amendments seem to be aimed at facilitating investments in equity securities which are not traded on regulated markets, including quotas of limited liability companies. In addition, even if the obligation to invest in issuers whose financial statements are certified by duly authorized audit companies is still in force, the Regulation should remove the reference to an auditing period of at least three years.

Some of the proposed amendments are related to the class of "alternative investments", for which the limit of 5% for investments in close-ended investment funds not traded on a regulated market, as well as for reserved investment funds and speculative investment and real estate funds should be not applicable, while the limit of 10% remains applicable.

Further amendments are related to IVASS's right to grant exceptions to the limits provided under Regulation no. 36/2011. The power of IVASS to authorize - in exceptional circumstances and upon reasonable requests submitted by insurance companies - investments in asset classes other than those specified by Regulation no. 36/2011, or exceeding the limits set out by the same Regulation, also considering individual transactions, has been strengthened. This authorization would be granted upon satisfaction of conditions relating to a proven capacity of risk evaluation and management, provided there is consistency between assets and liabilities, and the insurance company is compliant with the solvency requirements, also in a medium-long term period, taking into account the absorption of regulatory capital that these investments will have under the new solvency regime provided by Solvency II.

The deadline for submitting any observations, comments and proposals is 10 July 2014. It is expected that the amendments defined as a result of the public consultation will come into force in relation to the communications concerning the assets covering technical reserves of the third quarter 2014.

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