

## INFORMATION ON THE RESPONDENT

### A) Name and address of the respondent

Allianz SE

### B) The respondent is

- A financial conglomerate
- A financial institution other than a financial conglomerate
- A regulator
- A supervisor
- An association of stakeholders
- Other, please specify

### C) If the respondent is an association of stakeholders, how many members do you represent?

### D) Do you object to the publication of your response?

Yes/No

### Question 1

For which of the following a review with respect to the transparency of group structures would be justified? Please select all that apply and explain why:

- Yes, for all conglomerates
- Yes, for all conglomerates larger than 100 billion euro total assets
- Yes, for all groups, banks or insurers or conglomerates
- Yes, for all groups larger than 100 billion euro total assets
- No, I don't think that a review of transparency of group structures is justified

Why?

Intransparent group structures can have an impact on any kind of group, not depending on the sector and the size. Consequently, also group supervisors of bank or insurance groups should have, and share, the information listed in Art. 12(1) (2) a FCD (Group structure).

With regard to financial conglomerates, having in mind that sufficient information is already being reported to the Coordinator under Art. 12 FCD, we believe that an expansion of the reporting obligations is not necessary. Rather, supervisors should have more capacities to process the data they are, already now, being provided with.

### Question 2

Do you think that a more in-depth investigation is justified with respect to the supervisory scope of supplementary supervision, especially in relation to the non-regulated parts of financial conglomerates? Please explain why.

Yes/No

Why?

We believe that such an investigation is justified, but only with regard to business which belongs to a regulated entity of the financial conglomerate (i.e. which is of a regulatory nature), but has been delegated to a non-regulated entity, e.g. SPV.

With regard to other business, there is no justification to subject it to stricter rules than would apply if the business was carried out by a group which is not a financial conglomerate. The only reservation to be made is that it must be ensured that the regulated entities of the financial conglomerate do not assume any liability through the respective non-regulated business.

### Question 3

In your opinion, would the debates on the definition of capital in the banking and insurance sector respectively, justify a more in-depth investigation of the cross-sectoral perspective? Please explain why.

Yes/No

Why?

In order to avoid confusion, we would first like to make clear that we strongly support an alignment of the criteria regarding hybrid capital (Tier 1, 2, 3) across the banking and insurance sector. Many investors view hybrid capital of banks and insurance companies as one asset class. In other words, banks and insurance companies compete for the same funds with respect to hybrid capital. To maintain the level playing field principle, harmonisation of these requirements as far as possible would be very supportive.

Nevertheless, we deem important that the differences in the business models and risk profiles of banks and insurers are reflected in the broader definition of capital. The treatment of insurance specific items such as Value-in-Force and the winding-up gap are specific examples of this, there may also be a case to treat the same assets (i.e. deductions or limitations there from) differently. In order to fully appreciate the differences in the business model, and their potential impact on the definition of capital, a more in-depth investigation would be justified.

### Question 4

With respect to the group wide remuneration policies in financial conglomerates, would you regard it as useful to consider the compatibility of these policies across the banking and insurance sectors within the conglomerate?

Yes/No

Why?

We acknowledge the FSB Compensation Principles which stipulate that variable compensation must depend not only on the individual's performance, but also on the entity's or group's performance. To this extent, policies in a financial conglomerate should be compatible, i.e. the compensation of employees of insurers and banks of a financial conglomerate must reflect the conglomerate's performance.

But apart from this, we cannot see any need to align the policies between banks and insurers, or bank and insurance groups respectively, in a financial conglomerate. The policies must be allowed to differentiate, to take account of the different business models. It is not justified to require that remuneration policies applicable to an insurer be different for the mere reason that the insurer is part of a financial conglomerate.

### Question 5

Are you identified as a financial conglomerate, either waived (Art 3(3) FCD) or not?

- Yes, waived.

- Yes, not waived.
- No, I'm not a financial conglomerate.
- Don't know.

### Question 6

Please indicate the size of your banking and insurance businesses in terms of total assets and gross premiums, respectively, as of 30 June 2009.

Banking business total assets (BA, all authorized banking business types):

- $BA < \text{€}0 \text{ billion}$
- $\text{€}0 \text{ billion} < BA < \text{€}100 \text{ billion}$
- $\text{€}100 \text{ billion} < BA < \text{€}500 \text{ billion}$
- $BA > \text{€}500 \text{ billion}$
- Decline to state

Insurance total gross premiums (IP, all authorized insurance types):

- $IP < \text{€}5 \text{ billion}$
- $\text{€}5 \text{ billion} < IP < \text{€}10 \text{ billion}$
- $\text{€}10 \text{ billion} < IP < \text{€}25 \text{ billion}$
- $IP > \text{€}25 \text{ billion}$
- Decline to state

### Question 7

Please indicate the number of authorized legal entities in your banking (incl. investment) and insurance (life, non-life, re-insurance) businesses, your conglomerate held in Q2 of 2009.

Banking

- Less than 10
- Between 10 and 99
- Between 100 and 199
- 200 or more
- Decline to state

Insurance

- Less than 10
- Between 10 and 99
- Between 100 and 199
- 200 or more
- Decline to state.

### Question 8

Your (identified; waived or not) conglomerate level is:

- an MFHC (Mixed Financial Holding Company)
- a regulated banking entity
- a regulated insurance entity

### Question 9

The level of your group, where capital for the group is attracted and where chief officers (CEO, CFO, CRO, COO, etc) are responsible for group-wide policies and strategic decisions, is organized at:

- the MFHC level,
- the highest sectoral regulated entity level,
- otherwise. Please specify:

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### Question 10

The entity referred to in Question 9 is:

- in the same member state as the highest level regulated entity,
- in a different member state,
- outside the European Union

### Question 11

Do you want to share any other relevant information with the Services regarding the supervision problems at the top level?

We strongly believe that the current approach of the FCD with regard to participations raises many issues in practice. The FCD needs to take account of the reality under corporate law. The FCD imposes certain duties on the MFHC, or the regulated head, such as the reporting of solvency, own funds, risk concentrations and intragroup transactions with regard to such participations, which may be impossible to fulfil. It is not realistic to assume that a shareholding of merely at least 20% - or even less in case of a “durable link” - would allow the MFHC to ensure that all necessary information be reported by the participations. This applies even more with regard to the establishment of – consistent! – internal control mechanisms, which cover the participation, according to Art. 9 FCD. The Commission should bear in mind that some of the above requirements, which may in practice be impossible for the MFHC to fulfil with regard to “durable link” participations, are sanctioned under national law. E.g. in case some information cannot be provided by the MFHC, book value of the respective participation has to be deducted from the financial conglomerate’s own funds. Therefore, the FCD should be aligned with Art. 212(2) Solvency II, which stipulates that a participation is not constituted by a durable link, but significant influence. But although this would provide for an improvement, the Commission should bear in mind that issues might still exist in practice with regard to any participation which is not a subsidiary.

### Question 12

Please indicate the relative importance of the AMCs in your group in terms of revenue

- <1% of total gross revenue
- < 5% of total gross revenue
- >5% of total gross revenue
- Not applicable.

### Question 13

Do these AMCs serve

- the banking business only
- the insurance business only
- both of the above

If both,

- as separate entities for each sector, or
- as entities serving both sectors at the same time

- None of the above.
- Don't know.

#### Question 14

If the AMCs are serving both the group itself (proprietary business, risk for the group) and external clients (non-proprietary business, risk for the client), do you separate the two types of business in separate legal entities?

Yes/no

#### Question 15

If you separate proprietary (risk for the group itself) from non-proprietary (risk for the client) business of your AMCs, could you indicate their relative importance in terms of revenue (choose the closest answer)?

- 10 prop / 90 non-prop (most risks of asset management born by clients)
- 50 prop / 50 non-prop
- 90 prop / 10 non-prop (most risks of asset management born by conglomerate itself)

#### Question 16

Would you like to share any other relevant information regarding the inclusion of AMCs? Could you, for example, illustrate how you make the distinction between proprietary and non-proprietary business in an operational and legal sense, such as how do you allocate resources to the two types of business?

No.

#### Question 17

Which of the following indicators could be used in addition to or instead of 10% of solvency and of total assets in the other sector to make the identification process of a financial conglomerate more risk-based? Select all that apply:

- (a) income structure: in addition / instead / not
- (b) off balance sheet activities: in addition / instead / not
- (c) relative size of respective businesses in their respective markets: in addition / instead / not
- (d) business structure, i.e., relations between the respective sectors within the conglomerate: in addition / instead / not
- (e) other, please specify:

An indicator could be the proportion of risk capital (internal model) the respective group assigns to its asset management activities.

#### Question 18

Do you think that bancassurance groups whose smallest sector is smaller than 6 billion euro *and* smaller than 10% of its solvency and of total assets would never be materially exposed to group risks?

- Yes
- No
- Don't know.

#### Question 19

Would you like to share any other relevant information with respect to the identification process of financial conglomerates?

No.

#### Question 19

Please indicate the absolute and relative size of the aggregate of minority participations (regulated and non-regulated) MP in your conglomerate in terms of total assets?

- MP < 1%
- $1\% < MP < 5\%$
- $MP > 5\%$

#### Question 20

Please indicate how much of these minority participations are holdings of more than 10% but less than 20%?

- < 20%
- $20\% < 10-20MP < 50\%$
- $10-20MP > 50\%$

#### Question 21a

Please, if possible, estimate likely impacts in terms of incremental benefits (including capital and information provision-related costs) for your organisation. Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

Hardly assessable.

#### Question 21b

Please, if possible, estimate likely impacts in terms of incremental costs (including capital and information provision-related costs) for your organisation. Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

With regard to capital costs, we refer to our answer to Question 11. The deduction of the book value of participations, for which the required information cannot be provided, may lead to a worse solvency ratio.

#### Question 22

What would be the implications, if any, for the competitiveness of your businesses in the EU and internationally?

Hardly assessable.

**Question 23**

What would be the impact for your clients?

Hardly assessable.

**Question 24a**

If your conglomerate is currently subject to supplementary supervision under the FCD and it were excluded from such supervision, what would be the likely impacts in terms of incremental cost savings (including capital and information provision-related cost savings) for your organisation?

Hardly assessable.

**Question 24b**

What would be the likely impacts in terms of incremental costs (including risks) for your organisation?

Hardly assessable.

**Question 25**

What would be the implications, if any, for the competitiveness of your businesses in the EU and internationally?

Hardly assessable.

**Question 26**

What would be the impact for your clients?

Hardly assessable.

**Question 27a**

Could you please, if possible, estimate likely impacts in terms of incremental benefits (including capital and information provision-related costs) for your organisation? Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

Hardly assessable.

**Question 27b**

Could you please, if possible, estimate likely impacts in terms of incremental costs (including capital and information provision-related costs) for your organisation? Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

Hardly assessable.

**Question 28**

What would be the implications, if any, for the competitiveness of your businesses in the EU and internationally?

Hardly assessable.

**Question 29**

What would be the impact for your clients?

Hardly assessable.