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**FERMA’s contribution to the OECD discussion draft on transfer pricing aspects of financial transactions (BEPS ACTIONS 8 – 10*)***

**September 2018**

Please help us building the FERMA response to the OECD discussion draft by:

1. **Providing your elements to answer the questions in the boxes E1, E2 and E2 using the section “Your comments”**
2. **Providing your additional comments for specific paragraphs of the Captive insurance section of the OECD discussion paper**

**You can refer to the captive insurance section in the OECD discussion draft from page 37 to 40. The document is also** [**available online by clicking here**](http://www.oecd.org/tax/transfer-pricing/BEPS-actions-8-10-transfer-pricing-financial-transactions-discussion-draft-2018.pdf)**.**

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| **BEPS discussion draft on the transfer pricing aspects of financial transactions** | | |
| **SECTION E. Captive Insurance BOX E.1** | **Your comments** | **FERMA recommendations** |
| Box E.1 – first item  Commentators’ views are invited on the following:  *when an MNE group member issues insurance policies to other MNE group members, what indicators would be appropriate in seeking to arrive at a threshold for recognising that the policy issuer is actually assuming the risks that it is contractually assuming;* |  | ***xxxxxxxxxxxxxxxxx*** |
| Box E.1 – second item  Commentators’ views are invited on the following:  *when an MNE group member issues insurance policies to other MNE group members, what specific risks would need to be assumed by the policy issuer for it to earn an insurance return, and what control functions would be required for these risks to be considered to have been assumed; and* |  | ***xxxxxxxxxxxxxxxxx*** |
| Box E.1 – third item  Commentators’ views are invited on the following:  *whether an MNE group member that issues insurance policies to other MNE group members can satisfy the control over risk requirements of Chapter I, in particular in the context of paragraph 1.65, in situations where it outsources its underwriting function. Comments are also invited on whether an example would be helpful to illustrate the effect of outsourcing the underwriting function on the income allocated to the MNE group member that issues insurance policies;* |  | ***xxxxxxxxxxxxxxxxx*** |
| Box E.1 – fourth item  Commentators’ views are invited on the following:  *when an MNE group member that issues insurance policies does not satisfy the control of risk requirements of Chapter I, what would be the effect of this on the allocation of insurance claims, premiums paid and return on premiums invested by that MNE group member.*  *The fronter retains a commission to cover its costs and to compensate for any portion of the insured risk which it retains. The majority of the fronter’s premium passes to the captive as part of the reinsurance contract.* |  | ***xxxxxxxxxxxxxxxxx*** |

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| **BEPS discussion draft on the transfer pricing aspects of financial transactions** | | |
| **SECTION E. Captive Insurance BOX E.2** | **Your comments** | **FERMA recommendations** |
| Box E.2  Question to commentators  *Commentators’ views are invited on the relevance and the practical application of the approach described in paragraph 181 of this discussion draft.* |  | ***xxxxxxxxxxxxxxxxx*** |

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| **BEPS discussion draft on the transfer pricing aspects of financial transactions** | | |
| **SECTION E. Captive Insurance BOX E.3** | **Your comments** | **FERMA recommendations** |
| Box E.3. Question to commentators  *Commentators’ views are invited on the example described in paragraphs 187 and 188 of this discussion draft.* |  | ***xxxxxxxxxxxxxxxxx*** |

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| **BEPS discussion draft on the transfer pricing aspects of financial transactions** | | |
| **SECTION E. Captive Insurance** | **Your comments** | **FERMA recommendations** |
| *ADDITIONAL COMMENTS ON SPECIFIC PARAGRAPHS* |  | ***xxxxxxxxxxxxxxxxx*** |
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The Federation of European Risk Management Associations brings together 22 risk management associations in 21 European countries, representing 4800 risk managers active in a wide range of organisations. FERMA provides the means of co-ordinating risk management and optimising the impact of these associations outside their national boundaries on a European level.

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