

**Comments Template on
Consultation Paper on EIOPA's second set of advice to the European
Commission on specific items in the Solvency II Delegated Regulation**

**Deadline
5 January 2018
23:59 CET**

Name of Company:	Vitality Health Limited (VHL)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, <u>in Word Format</u>, to CP-17-006@eiopa.europa.eu</p> <p>Our IT tool does not allow processing of any other formats.</p> <p><u>The numbering of the reference refers to the sections</u> of the consultation paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation. Please indicate to which paragraph(s) your comment refers to.</p>		
Reference	Comment	
General Comment		
Introduction		
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
1.2.2		
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1.3	We note that EIOPA maintained the same methodology as applied in 2011, and that the outputs of the consultation did not look again or make an assessment whether the method or overall formula is still appropriate for each line of business and takes into account the applicable legislation and characteristics of the individual markets across Europe.	
1.3.1	We believe that the approach of assessing non-life premium risk by considering the variation of aggregate losses about a constant level is inappropriate and that an approach that considers the difference between expected and actual losses each year. We're aware that this seems to present practical difficulties though we would encourage EIOPA to consider practical solutions to this (for example, the previous year's loss ratio could form an estimate of the expected ratio for the following year).	
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1.3.4	We are aware of the desire for and simplicity that arises from pan-European factors where this is appropriate, but note in contrast the significant differences in the delivery of health services across between countries and the consequent impact this has on the nature of medical expenses insurance (HME) products. We observe in section 25 (Annex to chapter 1 – weights used in the method 2) for HME premium risk that the exposure is dominated by NL (47.8%) and FR (31.7%), so consequently the overall calibration is dominated by these countries. The earlier work by the JWG in 2011 specifically highlighted this issue, but was forced to disregard this since it had already been mandated to derive a single factor for each line of business. We would encourage a reappraisal of the appropriateness of the standard formula in this regard, and consider that country-specific factors may be more appropriate.	

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1.4.1	For the reasons included in our responses to 1.3.1 and 1.3.4 we do not support the updated calibrations. We also observe that the overall direction across the five lines of business considered is to increase capital requirements and whether this is the desired outcome for all stakeholders given potential responses of restructuring products and/or an increase in the volume of applications to move away from the standard formula.	
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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Comments Template on Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
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36