

**Comments Template on  
Consultation Paper on on the Proposal for Guidelines  
on the System of Governance**

**Deadline  
19 June 2013  
12:00 CET**

Name of Company:	Institut des Actuaire	
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"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ 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>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-13-008@eiopa.europa.eu">CP-13-008@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to this Consultation Paper, the numbering of cells refers to the Technical Annexes II and III.</p>		
<b>Reference</b>	<b>Comment</b>	<b>Resolution</b>
<b>General Comment</b>	The Institute of Actuaries welcomes this CP. When the present CP extends the directive beyond a mere explanation, then it would be legally more comfortable to extend the legislation. (for instance organization of insurers). The implementation as at 1/1/2014 defers from the phasing in described in §4.3 of the cover note.	
<b>Introduction General Comment</b>		
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1.6	It is not clear at what date undertakings will have to comply .Suggestion : add at the end « To comply by January 1st, 2016 . As the cover note specifies it in §4.3, implementation of governance needs a progressive phasing in.	
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1.12	Same remark as for 1.6. It is not clear at what date undertakings will have to comply .Suggestion : add at the end « So that undertakings comply by January 1st, 2016	
<b>Section I. General Comments</b>		
1.13	Same remark as for 1.6. It is not clear at what date undertakings will have to comply .Suggestion : add at the end « So that undertakings comply by January 1st, 2016	
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<b>Section II. General Comments</b>		

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<b>Chapter I General Comments</b>		
1.16	We don't see how the NCA can check the work of the AMSB about requesting information. AMSB should ensure that governance rules are applied.	
1.17	We don't see how the NCA can check the work of the AMSB about requesting information. AMSB should ensure that governance rules are applied.	
1.18		
1.19	We don't see how the NCA can check the work of the AMSB about requesting information. Group AMSB should ensure that governance rules are applied.	
1.20	We don't see how the NCA can check the work of the AMSB about requesting information. Group AMSB should ensure that governance rules are applied.	
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1.23	<p>1-We suggest to add elements on proportionality</p> <p>2- It's difficult to understand such a principle: If only one or even two persons are involved, it's a matter of confidentiality that could be jeopardized. When an insurer is only a shell, it has only one general manager practically responsible for everything, which is an issue.</p> <p>3- Can an executive committee (which is not 2 people but for instance a legal directory of 3 to 5 people) be seen as fulfilling the 4 eyes principle?</p> <p>4- For shells (insurers without salaried people), the responsibility lies at the Group level.</p>	
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<b>Chapter II General Comments</b>		
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1.32	We don't understand practically which process can be used to ensure the collective fit requirement of the AMSB. GCAE could propose criterias to help insurers in deciding who is fit & proper.	
1.33	The « personal behaviour » is a vague concept.	
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<b>Chapter III General Comments</b>		
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1.43	Some of these responsibility refer to actuarial work. We suggest these elements of the risk management function to be performed by the person mainly in charge of actuarial function, that person being in charge of actuarial function and of some elements of risk management function	

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1.44	<p>"c) risk tolerance limits with respect to the undertaking's key operational risk areas."</p> <p>It could be difficult to set operational risk tolerance limits.</p>	
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1.47	Some of these responsibility refer to actuarial work. We suggest these elements of the risk management function to be performed by the person mainly in charge of actuarial function, that person being in charge of actuarial function and of some elements of risk management function	
1.48	Some of these responsibility refer to actuarial work. We suggest these elements of the risk management function to be performed by the person mainly in charge of actuarial function, that person being in charge of actuarial function and of some elements of risk management function	
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<b>Chapter IV General Comments</b>		
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<b>Chapter V General Comments</b>		
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<b>Chapter VI General Comments</b>		
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<b>Chapter VII General Comments</b>		
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<b>Chapter VIII General Comments</b>		
1.77	Operational independence may be away from current culture and practice in many countries and non compatible with subordination associated with employment contract under salary base according to national labor law in many countries. Accordingly, the reference to operational independence cannot be enforced, since it has not enough legal base with an "explanatory text" as legal base. As a consequence, if operational independence is a material condition of efficiency, the responsibility devoted to the actuarial function holder cannot be assumed as developed in the CP.	
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1.81	<p>"...that the valuation models are stable with respect to small variations introduced in the parameters of these valuation models".</p> <p>"Small" variations have different impacts on the models following the chosen parameters and assumptions. Everything depends on the meaning of small.</p>	
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1.83	1.83 seems inappropriate for insurers whose function is to reassess risks and reserves as a continuous process. It would more appropriate that the AMSB makes sure that the actuarial function manages the evolution of the technical provisions.	
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<b>Chapter IX General Comments</b>		
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<b>Section III. General Comments</b>		
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<b>Compliance and Reporting Rules General Comments</b>		
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<b>Impact Assessment – General Coments</b>		
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