

**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:	DIMA (Dublin International Insurance & Management Association)	
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 current implementation programme envisages existing "Solvency I" regulatory requirements continuing during the interim measures phase. There will, therefore be several overlaps between the proposed interim arrangements and the current requirements, including, for example, those which prescribe roles for actuaries which will continue in force until Solvency II is fully implemented. It is important that requirements under the interim arrangements are not in conflict with the legislative requirements currently in force since this would place an unnecessary, overly burdensome set of requirements on regulated entities at a	

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	time when their objectives should be on an effective transition to becoming fully Solvency II-compliant. The actuarial function and its role are unclear at the moment, and this needs to be clarified in light of the previous comment.	
<b>Introduction General Comment</b>	When dealing with groups, it is unlikely that every EU jurisdiction will be equally implementing these guidelines; this becomes even more of an issue, and probably impractical, where the group extends outside the EEA. Thus it will become severely challenging to apply the guidelines “at the level of the group”.	
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1.9	The actuarial function will be required to prepare materials for reporting purposes both on the current basis and Solvency II basis. This will impose a heavy workload.	
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<b>Section I. General Comments</b>		
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1.14	National authorities cannot ensure a group takes the appropriate steps referred to when it does not have jurisdiction over the “group”.	
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<b>Section II. General Comments</b>		
<b>Chapter I General Comments</b>	It should be noted that in the case of groups, undertakings are managed by parent entities including, inter alia, group non-executive directors on their boards. This provides oversight and parental involvement in decision-making at entity level.	
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1.17	The wording here is unclear; local entities may need to communicate local issues to the group AMSB, which would not be aware of the need to request information “proactively”. Presumably the “entity responsible for fulfilling the governance requirements” at the level of the group is a regulated entity rather than an unregulated holding group.	
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1.23	The requirement to have at least two persons effectively running the undertaking is incompatible with efficient decision-making processes. Most legal entities will have a CEO who reports to and is responsible to the board of directors of the undertaking. It should be for the board of directors to set the limits of authority of the CEO and any other member of senior management and to provide the necessary checks, balances and controls, rather than having a regulation dictate that two individuals effectively run the company. We understand that this permits delegation to the CEO for matters that aren’t “significant decisions” and that for such decisions, the involvement of two persons such as the CEO and a board member, or two board members, is required. It is	

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	preferable to ensure that proper checks and balances of authority within an undertaking's governance structure are set and managed by its board of directors.	
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<b>Chapter II General Comments</b>		
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1.32	The wording should be amended to read: "...the members of the administrative, management or supervisory body collectively possess relevant qualifications , experience and knowledge where appropriate about..."	
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1.34	c) The reference to other "relevant personnel not subject to the requirements of Article 42" seems very wide indeed – a catch all. It should be clarified or deleted. The fit and proper regime is understandable for certain roles within senior management, but consistency is needed as to how this is applied and to whom across the EEA. The current drafting of the guideline leaves open the possibility of a very wide interpretation by member states, which is counterproductive to the aspirations of a convergence towards maximum harmonisation.	
1.35	Wording should be amended to read: "... the undertaking applies the fit and proper requirements to the key persons employed..."	
1.36	Where a person in the undertaking is designated responsible for the function outsourced to the service provider in accordance with guideline 14, it is unclear how fit and proper rules would	

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	apply to that person, given that he or she will not have the experience required by fit and proper requirements. This only makes sense if that person is fit and proper as a result of another position held.	
<b>Chapter III General Comments</b>		
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1.38	The responsibility for strategic decisions and policies on risk management at group level is the responsibility of the administrative, management or supervisory body, which is also responsible for the effectiveness of the risk management system. The wording here implies that the risk management system itself is responsible for the strategic decisions and policies on risk management, contradicting the administrative, management or supervisory body's responsibilities in that regard.	
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1.40	The risk management policy described in this paragraph is relatively prescriptive in nature and adds a new element (e) relating to stress tests. These interim arrangements are a route to the full Solvency II environment, and as such new elements such as (e) should not be introduced at this point in time.	
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1.43	Point (d) introduces a new level of prescription. Please see comment at 1.40.	
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1.45	This is a new requirement which is not included at Level 1 or Level 2 and therefore is inappropriate to introduce within interim measures. Please see comment at 1.40.	
1.46	The new requirement for stress tests should be deleted so that companies can determine the best way to monitor their operational risk.	
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1.48	Point (e) appears to be a new requirement. Please see comment at 1.40.	
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1.50	The meaning of "availability" of assets is unclear in point (a) and is not a requirement of Article 132. Please see comment at 1.40.	
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<b>Chapter IV General Comments</b>		
1.52	This is a new requirement and therefore is inappropriate to introduce within interim measures. Please see comment at 1.40.	
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1.59	Not traded on a regular basis should be clarified by adding "where no generally accepted valuation is available on the market".	
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<b>Chapter V General Comments</b>	The requirement for an additional policy should be deleted and capital management should be addressed in an existing policy.	

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1.64	This is a new requirement and therefore is inappropriate to introduce within interim measures. Please see comment at 1.40.	
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<b>Chapter VI General Comments</b>		
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1.68	Reference is made to a need for consistent internal control systems across the group, which should be caveated with "as appropriate and applicable to EEA regulated entities".	
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<b>Chapter VII General Comments</b>		
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1.73	The guidelines should not stipulate the AMSB to the exclusion of other suitable bodies within the governance structure of an undertaking. The guidelines should not be so prescriptive and in such detail, but should allow the principle to be applied proportionately and as appropriate for a particular system of governance.	
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1.76	The guidelines should not stipulate the AMSB to the exclusion of other suitable bodies within the governance structure of an undertaking. The guidelines should not be so prescriptive and in such detail, but should allow the principle to be applied	

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	proportionately and as appropriate for a particular system of governance.	
<b>Chapter VIII General Comments</b>		
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1.85	Given consideration of the iterrelations is such an innate necessity for the actuarial function and will be performed automatically, evidencing it is happening would be an unhelpful and inefficient exercise, and one that potentially could be a burdensome distraction.	
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<b>Chapter IX General Comments</b>		
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1.90	It should be the undertaking receiving "outsourced" intra-group services that ensures the key functions are not impaired and not the entity responsible for group governance requirements.	

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<b>Section III. General Comments</b>		
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1.96	This is a new requirement and therefore is inappropriate to introduce within interim measures. Please see comment at 1.40.	
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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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