

<b>Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models</b>		<b>Deadline 19 June 2013 12:00 CET</b>
Name of Company:	Steptoe & Johnson LLP	
Disclosure comments:	of 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>⇒ <u>Do not change the numbering</u> 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-13-011@eiopa.europa.eu">CP-13-011@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p>		
Reference	Comment	Resolution
<b>General Comment</b>	<p>We note that the Guidelines are silent as to which entity in the (re)insurance group may develop, seek approval for, maintain and operate the internal model for a group during the pre-application process. We consider that it would be useful to clarify this issue in the Guidelines.</p> <p>(Re)insurance groups differ from each other in their structure and organisation. In particular, we note that insurance holding companies may fulfil different roles within the groups Insurance holding companies may fulfil different roles: they may carry out a financial or non-financial, industrial activity, or their corporate object and sole activity may be limited to holding shares in subsidiaries (we refer to this last category as "inactive holding companies"). Inactive holding companies do not carry out a regulated activity and do not actively participate or control the subsidiaries' business activities. Conversely, active insurance holding companies may centralise the management and supervision of the group companies,</p>	

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	<p>establish the risk appetite for the group and control capital allocation for efficiency purposes.</p> <p>Where the (re)insurance group is headed by an inactive holding company, the latter may not be the appropriate entity to develop the internal model for a group. An operating subsidiary (re)insurance undertaking may be better placed in terms of knowledge and interest to develop, obtain approval for, maintain and operate such a model during the pre-application process. Therefore, we suggest that the Guidelines should expressly allow the national supervisor to permit, when appropriate, the parent undertaking to delegate the tasks of developing, obtain approval for, maintaining and operating an internal model for the group to an operating subsidiary (re)insurance undertaking.</p> <p>Furthermore, where the parent is an inactive holding company and depending on the risk profile and the structure of the group, the operating subsidiary should be able to use a model which has been approved for its own use to serve the modelling needs of the group. Model approval relative to a truly inactive holding company would not be practicable given the absence of governance and risk appetite structure at group level..</p> <p>The inclusion of this possibility in the Guideline would also be consistent with other EIOPA guidelines. For instance, we note that under the Guidelines on the System of Governance the entity responsible for fulfilling the governance requirements at group level may be other than the parent undertaking. This entity would also have a duty to design the group forward looking assessment of the undertaking's own needs. We consider that the entity responsible for fulfilling the governance requirements at group level would normally be best placed to develop, obtain approval for, maintain and operate the internal model for a group during the pre-application process.</p>	
<b>Introduction. General Comment</b>		
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<b>Section I. General Comments</b>		
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<b>Section II. General Comments</b>		
<b>Chapter 1. General</b>		

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<b>Chapter 2. General Comments</b>		
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<b>Chapter 3. General Comments</b>		
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<b>Chapter 5. General Comments</b>		
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<b>Chapter 6. General Comments</b>		
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<b>Chapter 9. General Comments</b>		
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<b>Chapter 10. General Comments</b>		
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<b>Chapter 11. General</b>		

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