

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:	Urs Roth	
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, in Word Format, to CP-13-008@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</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>		
Reference	Comment	Resolution
General Comment		
Introduction General Comment		
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Section I. General Comments		
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Section II. General Comments		
Chapter I General Comments		
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Chapter II General Comments		
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Chapter III General Comments		

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1.40	<p>The ORSA-Process is part off he risk management process. I suggest to distinguish the risk management measures and the risks in this article in order to give clear interface to the ORSA-Process.</p> <p><i>"In accordance with Article 44 of Solvency II, national competent authorities should ensure that the undertaking establishes a risk management policy which at least:</i></p> <ul style="list-style-type: none"> <i>a) defines the risk categories and the methods to measure the risks;</i> <i>b) outlines how the undertaking manages each relevant category and area of risks;</i> <i>c) outlines the the different types of risk management measures, such as</i> <ul style="list-style-type: none"> <i>1. Avoidance of risks by risk tolerance limits</i> <i>2. Transfer of risk by reinsurance</i> <i>3. Reduction of risks by other risk migitation measures</i> <i>4. Compensation risk impacts by the undertaking's own capital</i> <i>d) concernes all kind of risk impacts, such as</i> <ul style="list-style-type: none"> <i>1. Materially risks, affecting the solvency and liquidity situation</i> <i>2. Legal risks, leading to violation of laws</i> <i>3. Economic risks, affecting the growth of the undertaking</i> <i>e) concernes all kind of risk events, such as</i> <ul style="list-style-type: none"> <i>1. Random events with short and long time impacts</i> <i>2. Adverse evolutions with impact on the risk exposure and on the amount and availability of capital</i> <p><i>The compensation of the risk impacts by the undertaking's own capital should refer on the Forward Looking Assessment of the undertaking's own risk, especially with a look on material risks affecting the solvency situation, long time impacts and adverse scenarios."</i></p>	
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	<p align="center">Comments Template on Consultation Paper on on the Proposal for Guidelines on the System of Governance</p>	<p align="center">Deadline 19 June 2013 12:00 CET</p>
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1.44	<p>The operational risks are primarily avoidable risks. So risk tolerance limits are not so helpful to steer operational risks. I suggest to drop article c).</p> <p><i>"In accordance with Article 44 of Solvency II, national competent authorities should ensure that in the risk management policy, the undertaking covers at least the following with regard to operational risk:</i></p> <p><i>a) identification of the operational risks it is or might be exposed to and the way to mitigate them;</i></p> <p><i>b) activities and internal processes in place in the undertaking, including the IT system supporting them."</i></p>	
1.45	<p>Collecting operational risk events is very expensive. Especially the events, which go back to insufficient internal processes or personal mistakes are difficult to identify. I suggest to constrain the the range of the events.</p> <p><i>"In accordance with Article 44 of Solvency II, national competent authorities should ensure that the undertaking has processes to identify, analyse and report on operational risk events. For this purpose, it should set up a system for collecting and monitoring operational risk events.</i></p> <p><i>At least the undertaking should collect operative risk events arising from vioalation of internal controls and guidelines or external events, including activities of external persons. "</i></p>	
1.46	<p>The operational risks are very diffrent. So scenario analysis are not so helpful to estimate their impact. I suggest to drop this article.</p>	
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Chapter IV General Comments		
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Chapter V General Comments		
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Chapter VI General		

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1.69	<p>The quality of the internal control environment is related to the operational risk. The most serious operational risk events are associated with defaults in the internal control environment of the undertakings. So I suggest that undertakings should assess their internal control environment in order to estimate the solvency needs for their operative risk. Guidelines for the assessment of the internal control environment should inserted in this article. Guidelines for the estimation of the solvency needs should inserted in article 1.38 of CP_13_009.</p> <p><i>"In accordance with Article 46 of Solvency II, national competent authorities should ensure that the monitoring and reporting mechanisms within the internal control system of the undertaking provide the administrative, management or supervisory body with the relevant information for the decision-making processes.</i></p> <p><i>The monitoring and reporting mechanism should at least</i></p> <ul style="list-style-type: none"> <i>a) concern all material risks in the undertaking internal processes, especially arising from</i> <ul style="list-style-type: none"> <i>1. Underwriting and reserving,</i> <i>2. Reinsurance,</i> <i>3. Asset-liability-management and</i> <i>4. Investment-management</i> <i>b) concern all material risks affecting the undertakings infrastructure</i> <i>c) concern all material legal risks</i> <i>d) assess the control mechanism concerning the process-risks</i> <i>e) asses the precautionary measures concerning the infrastructure-risks, especially the contingency plans</i> <i>f) take into account the specific risk exposure of the undertaking and the industry standards of the control mechanism and precautionary measures"</i> 	
Chapter VII General		

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Chapter VIII General Comments		
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Chapter IX General		

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Section III. General Comments		
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Compliance and Reporting Rules General Comments		
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Impact Assessment –		

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