

Comments Template on Implementing Technical Standards with regard to the Supervisory Approval Procedure to use Undertaking-Specific Parameters		Deadline 30 June 2014
Name of Company:	AMICE	
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 <u>CP-14-009@eiopa.europa.eu</u>. Our IT tool does not allow processing of any other formats.</p> <p>The numbering refers to Implementing Technical Standards On the procedures to be followed for the approval to use Undertaking-Specific Parameters.</p>		
Reference	Comment	
General Comment	<p>AMICE welcomes the opportunity to comment on this Consultation Paper on the Implementing Technical Standards with regards to the Supervisory Approval Procedure to use Undertaking Specific Parameters.</p> <p>Article 104.7 from the Level 1 text gives companies using the standard formula the option to use undertaking specific parameters subject to supervisory approval. The methods are standardized and supervisors should verify the completeness, accuracy and appropriateness of the data used. At no time are undertakings requested to justify the inappropriateness of the standard formula and its</p>	

<p align="center">Comments Template on Implementing Technical Standards with regard to the Supervisory Approval Procedure to use Undertaking-Specific Parameters</p>		<p align="right">Deadline 30 June 2014</p>
	<p>coefficients. Recital 20 from the Level 1 text states that the Directive should not be too burdensome for specialised insurance undertakings and should allow them to use their own data if this helps achieve this objective.</p> <p>The supervisory authorities may require the use of undertaking specific parameters (see Article 110 Level 1 text) or an internal model (see Article 119 Level 1 text) when it is inappropriate to calculate the solvency capital required following the standard formula. The decision should therefore be motivated, which means that the burden of proof lies with the supervisory authorities.</p> <p>There should not be any restrictions on the methodologies used for the calculation of USP. We are in favour of defining general principles for applying “undertaking specific parameters” in accordance with the principles applied to the standard formula.</p> <p>EIOPA and supervisors should introduce a pre-application process for the use of USPs to anticipate the large number of undertakings that are likely to apply for the use of USPs and thereby avoid that many undertakings will not be able to have their USPs approved in time.</p> <p>The application should be approved within <u>3 months</u> of the receipt of the complete application. We do not see why the USP approval process should involve a similar level of workload to the approval of a partial internal model. Furthermore, we do not understand why an analysis of the technicalities involved in the methodologies requires so much time when only standardised methods are allowed.</p> <p>We do not agree that EIOPA should allow the supervisory authorities to extend the consideration period. As the approval process should be limited to data quality checking and to an assessment of the appropriateness of the methods applied to capture risks, we do not see why the approval process should last more than 6 months.</p> <p>We welcome the explicit inclusion of the principle of proportionality. We are alerted,</p>	

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	however, by the fact that reference to proportionality is made only in the Impact Assessment section. What we miss is a clear commitment to proportionality also in in the area of procedures for supervisory authorities.	
Recital (1)		
Recital (2)		
Recital (3)		
Recital (4)		
Recital (5)		
Recital (6)		
Recital (7)		
Recital (8)		
Recital (9)		
Recital (10)		
Recital (11)		
Article 1 (1)		
Article 1 (2)		
Article 1 (3)		
Article 1 (4) a		
Article 1 (4) b		
Article 1 (4) c		
Article 1 (4) d	Undertakings will be requested to submit the calculated value of undertaking-specific parameters according to more than one method if possible; We do not	

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	understand why this should be a criteria for assessing the appropriateness of undertaking specific parameters. We suggest deleting this requirement.	
Article 1 (5)	We wonder why information about other applications is relevant for the assessment of the appropriateness of the application for the approval of USPs. We suggest removing this requirement from the application for approval of USPs.	
Article 2 (1)	The supervisory authority may require the undertaking to provide additional information which might be necessary to enable the supervisory authority to reproduce the calculation of undertaking-specific parameters. We would suggest adding the word "relevant" to the text as follows: "By means of a decision stating the reasons, the supervisory authority may require the insurance and reinsurance undertaking to provide <u>relevant</u> additional information where necessary to assess the application".	
Article 3 (1)		
Article 3 (2)		
Article 4 (1) a		
Article 4 (1) b		
Article 4 (2)		
Article 5 (1)		
Article 5 (2)		
Article 5 (3)		
Article 5 (4)		
Article 5 (5)		

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Article 5 (6)	The application should be resolved within <u>3 months</u> of the receipt of the complete application. We do not see why the USP approval process should involve a similar level of workload to the approval of a partial internal model. Furthermore, we do not understand why an analysis of the technicalities involved in the methodologies requires so much time when only standardised methods are allowed.	
Article 5 (7)		
Article 5 (8)	We do not agree with EIOPA allowing the supervisory authorities to extend the consideration period. As the approval process should be limited to data quality checking and to an assessment of the appropriateness of the methods applied to capture risks, we do not see why the approval process should last more than 6 months.	
Article 6 (1)	EIOPA states that, upon receipt of approval, undertakings should not revert to the standard formula parameters unless it is duly justified. We do not understand why any reversion to the standard formula parameters needs to be approved. The justification of the appropriateness of the standard formula to reflect the undertaking's risk profile should be done within the ORSA.	
Article 7 (1)		
Article 8 (1)		
Article 9 (1)		
Article 9 (2)		
Annex I: Procedural issues and consultation of interested parties		
Annex I: Problem definition		
Annex I: Proportionality		
Annex I: Baseline		
Annex I: Objective pursued		

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Annex I: Policy options - Policy issue 1		
Annex I: Policy options - Policy issue 2		
Annex I: Policy options - Policy issue 3		
Annex I: Policy options - Policy issue 4		
Annex I: Policy options - Policy issue 5		
Annex I: Policy options - Policy issue 6		
Annex I: Policy options - Policy issue 7		
Annex I: Analysis of impacts		
Annex I: Comparing the options		