

**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:	International Underwriting Association of London (IUA)	
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>	Pending finalization of the implementing measures, we do not believe that the guidelines should extend prescriptive requirements beyond those of the Framework Directive. It will be necessary to avoid imposing new layers of regulation when national regulation and Solvency I are still in effect. It is not clear to us whether national governments and regulators are expected to change laws and regulations or whether the guidelines should sit alongside existing laws and regulations. We also believe that it will be important in the preparatory phase for the NCAs to act	

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	proportionately and not to expect firms to provide detailed reports for which they cannot yet be prepared or which will not of great value prior to full introduction od Solvency II.	
<b>Introduction General Comment</b>		
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<b>Section I. General Comments</b>		
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1.14	It appears to us that NACs will not have jurisdiction over the group.	
1.15		
<b>Section II. General Comments</b>		

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<b>Chapter I General Comments</b>		
1.16	Given the board structure of UK companies, it would be desirable for it be possible to identify the AMSB as the body that exercises everyday control over the enterprise.	
1.17	We suggest that the entity responsible for fulfilling governance requirements must be a regulated undertaking.	
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1.23	Normally it would not appear sensible to have two individuals running a company, unless the constitution makes it clear that the chief executive is subject to the authority of a higher authority which is also subject to checks and balances.	
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<b>Chapter II General Comments</b>		
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1.34	The reference to relevant personnel appears to suggest that large numbers of staff members should be subject to the fit and proper requirements. In our view the reference should be to essential or critical employees.	
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<b>Chapter III General Comments</b>		
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1.45	It does not appear appropriate to us to introduce such a level of prescription.	
1.46	It does not appear appropriate to us to introduce such a level of prescription.	
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<b>Comments Template on Consultation Paper on on the Proposal for Guidelines on the System of Governance</b>		<b>Deadline 19 June 2013 12:00 CET</b>
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<b>Chapter IV General Comments</b>		
1.52	It does not appear appropriate to us to introduce such a level of prescription.	
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<b>Chapter V General Comments</b>		
1.64	It does not appear appropriate to us to introduce such a level of prescription.	
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<b>Chapter VI General</b>		

<b>Comments Template on Consultation Paper on on the Proposal for Guidelines on the System of Governance</b>		<b>Deadline 19 June 2013 12:00 CET</b>
<b>Comments</b>		
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<b>Chapter VII General Comments</b>		
1.70		
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1.73	In our view, this requirement does not take account of legitimate and appropriate governance models.	
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1.76	In our view, this requirement does not take account of legitimate and appropriate governance models.	
<b>Chapter VIII General Comments</b>		
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1.83		
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1.85	It does not appear necessary to specify a function which is inherent to the actuarial role.	
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<b>Chapter IX General Comments</b>		
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<b>Section III. General Comments</b>		
1.92	<p>It is not clear to us whether the wording implies that a group can choose which entity should be responsible for good governance?</p> <p>It needs to be made clear that a member of a group can perform governance and other functions on behalf of another member of the group. Currently that is only explicitly stated in the explanatory text..</p> <p>Guideline 52 implies that an entity within the group can meet the governance requirements on behalf of the group. However there is not sufficient clarity regarding what EIOPA considers to fall within the scope of governance requirements. We note that in guideline 56 in the 'System of Governance' paper includes the operation of risk management on behalf of the group within the scope of governance. Additionally, guideline 19 of the 'Forward Looking Assessment of the undertaking's own risks (based</p>	

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	<p>on ORSA principles)' paper includes the production of a forward looking assessment on behalf of the group. However, there is no mention of risk appetite.</p> <p>Can the relevant entity define and monitor compliance with the group's risk appetite on behalf of the group. (An inactive holding company would not of its own accord have a risk appetite.)</p> <p>Could the relevant entity also be responsible for:</p> <ul style="list-style-type: none"> <li>• the determination of the Solvency Capital Requirement for the group, on behalf of the group.</li> <li>• the use of an Internal Model which has been approved by the regulator for the entity's own use, to produce that Solvency Capital Requirement for the group</li> <li>• the validation of the Internal Model's use to produce the group SCR</li> <li>• undertaking group level financial and regulatory reporting on behalf of the group</li> </ul>	
1.93		
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1.96	It does not appear appropriate to us to introduce such a level of prescription.	
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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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