

**Comments Template on
Consultation Paper on Proposal for Guidelines on Pre-application for Internal
Models**

**Deadline
19 June 2013
12:00 CET**

Name of Company:	Institut des Actuaire	
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"> ⇒ <u>Do not change the numbering</u> 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-13-011@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p>		
Reference	Comment	Resolution
General Comment	The Institut des Actuaire welcomes this CP. Instead of a full implementation as at 1/1/2016, this CP should state a "phasing in" as mentioned in 4.3 of the cover note, in order to get a realistic progressive approach. The burden of the internal model process (72 guidelines representing 199§ for this CP) discourages internal models which is a key innovation of S2. The standard formula is still required for ORSA and solvency calculations, while an internal model is used for both; when an IM is approved, this requirement to use the standard formula should be released. If NCAs were tempted to require the maximum of the standard formula and the internal model, it would discourage internal modeling.	
Introduction. General Comment		
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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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Section I. General Comments		
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Section II. General		

Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
Comments		
Chapter 1. General Comments		
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Chapter 2. General Comments		
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Chapter 3. General Comments		
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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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1.39.	It should be clear that not all the members of the AMSB should have the knowledge of internal models, but at least a few of them.	
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1.52.	Solvency 1 still applies during the interim period. What happens if a Group applies in its governance a global solvency requirement (according to S2 and this guideline 18) which is lower than the S2 requirement?	
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Chapter 4. General Comments		

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Chapter 5. General Comments		
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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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Chapter 6. General Comments		
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1.84.	A probability distribution does not always need to be "rich", which suggests complicated. Sometimes, a "robust" probability distribution is more realistic.	
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Chapter 7. General Comments		

Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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Chapter 8. General Comments		
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Chapter 9. General Comments	The feedback of the NCAs after the validation of the internal model has to be clarified (timetable, process,...)	

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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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Chapter 10. General Comments		
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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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Chapter 11. General Comments	<p>External models and data do not need to be complicated (for instance academic models that few people would understand).</p> <p>When specific datas have to be adjusted and when the insurer can not assess its own parameters on too small portfolios, insurers should be authorised to use external assumptions computed in a process validated by Intitutes of Actuaries like for mortality tables for instance.</p> <p>Models designed specifically to fit particular risks or situations are welcome, and to authorise innovation, these models shall be developed beyond the existing models recognised by the market.</p> <p>On the other hand, a minimum of consistency between insurers should facilitate an homogeneous supervision.</p>	
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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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Chapter 12. General Comments		
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Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models		Deadline 19 June 2013 12:00 CET
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