

Comments Template on Consultation Paper on the proposal for implementing technical standards on the process to reach a joint decision for group internal models

**Deadline
30 June 2014
23:59 CET**

Name of Company:	The Actuarial Association of Europe (AAE)	
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-14-006@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering refers to Consultation Paper on the proposal for implementing technical standards with regard to the procedures to be used for granting supervisory approval for the use of ancillary own-fund items.</p>		
Reference	Comment	
General Comments		
Recital (1)		
Recital (2)		
Recital (3)		
Recital (4)		

**Comments Template on Consultation Paper on the proposal for
implementing technical standards on the process to reach a joint decision
for group internal models**

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Recital (5)		
Recital (6)		
Recital (7)		
Article 1		
Article 2		
Article 3 (1)		
Article 3 (2)		
Article 3 (3)		
Article 3 (4)		
Article 3 (5)		
Article 4 (1)		
Article 4 (2)		
Article 4 (3)		
Article 4 (4)		
Article 4 (5)		
Article 4 (6)		
Article 4 (7)		
Article 5 (1)		
Article 5 (2)		
Article 5 (3)		
Article 6 (1)		
Article 6 (2)		
Article 6 (3)	The ITS states “In case of rejection to use the group internal model, the group supervisor shall include in the decision a brief description of the parts or aspects of the internal model that do not comply with the requirements to use a group internal model, as well as the precise reference to	

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the requirements that are not complied with. **The communication shall also state that the rejection does not imply that other requirements have been assessed as complied with.**

It is our understanding that all parts of the application should have been assessed within the timeframe of six months, which implies that all areas leading to a rejection of the model should be communicated, which in turn implies that all other areas comply (leaving aside the possibility that corrections of the areas leading to the rejection may create new problems in other areas of the model which were previously fine). The last sentence should therefore be removed. It would be unhelpful and a waste of both (re)insurers and supervisors time if incomplete feedback was given leading to a series of iterations of submissions and rejections as issues are fed back one by one.

If, on the other hand, the intention of this statement is to enable the supervisory authority to issue a rejection as soon as possible following the finding of significant shortcoming then that would, of course, mean that the full review had not been completed and therefore complete feedback could not be given. Additional clarity on this could be helpful.

The communication of the rejection described in this paragraph does not seem to bring additional clarity to the group-process, and it would be sufficient to apply article 4(c) "when the supervisory authorities reject the application, the reason on which the rejection is based." Of the paper EIOPA-CP-14-005_ITS_Approval_Processes_IM.

Article 7

Annex I