

**Comments Template on Consultation Paper on the proposal for
implementing technical standards on internal models approval processes**

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

Name of Company:	Deloitte Touche Tohmatsu	
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 CP-14-005@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs 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)		
Recital (5)		

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Recital (6)		
Recital (7)		
Recital (8)		
Recital (9)		
Recital (10)		
Article 1		
Article 2 (1)		
Article 2 (2)		
Article 2 (3)	<p>(b) Comment: Punctuation appears to be missing. Proposed update(s): We propose 'undertaking Where' is replaced by 'undertaking. Where'.</p> <p>(k) Comment: The Level 1 and draft Level 2 Solvency II texts refer to data as 'accurate, complete and appropriate'. Proposed update(s): We propose that 'adequate' is replaced with 'accurate' to maintain consistency with the Level 1 and draft Level 2 regulatory texts.</p> <p>(n) Comment: The requirement to prepare an inventory of the documentation of the internal model is prescriptive and adds limited value to the review of the application given that it lists the documents that a firm has in relation to its internal model. Proposed update(s): We propose that this requirement is removed and firms are left to decide whether to develop an inventory or to present the documentation in a different way within their application.</p> <p>(p) Comment: Given the level of depth and detail of review of the internal model application, and that the purpose of an internal model is to better match the risk</p>	

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	<p>profile of the business, a granular comparison with the standard formula should not be required. This requirement appears to go against the spirit of the Level 1 regulatory text in relation to the application for approval to use an internal model.</p> <p>Proposed update(s): We propose that this requirement is removed. If this requirement remains, we propose that the paragraph is reworded to 'an estimation of the Solvency Capital Requirement according to the insurance or reinsurance undertaking's risk categorisation and an estimation of the the Solvency Capital Requirement using the standard formula at the same date of calculation'.</p>	
Article 2 (4)		
Article 2 (5)	<p>Comment: This requirement appears to be very similar to Article 2(3)(n).</p> <p>Proposed update(s): As set out in response to Article 2(3)(n), we propose that this requirement is removed and firms are left to decide whether to develop an inventory or to present the documentation in a different way within their application.</p>	
Article 3	<p>(a)(v)</p> <p>Comment: It appears that this paragraph has been numbered when it applies to all of the preceding paragraphs.</p> <p>Proposed update(s): We propose that the numbering is removed in order that the statement 'that would impact the Solvency Capital Requirement of the undertaking' applied equally to points (i) to (iv).</p>	
Article 4 (1)		
Article 4 (2)		
Article 4 (3)		
Article 4 (4)		
Article 4 (5)		
Article 4 (6)		
Article 4 (7)		
Article 4 (8)		

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Article 4 (9)		
Article 5		
Article 6 (1)		
Article 6 (2)		
Article 6 (3)		
Article 6 (4)		
Article 6 (5)		
Article 6 (6)	Comment : It is currently not clear whether there is any possibility for the insurance undertaking to appeal against the decision of rejection.	
Article 7 (1)		
Article 7 (2)	Comment: The term 'extension' referring to the scope of the internal model prescribes a widening of the scope, however the scope may not always be expanding. Proposed update(s): We propose that 'extension of' is replaced with 'change to'. We also propose the addition of 'key milestones' to the requirements of the transitional plan (e.g. delivery of enhancements in the methodologies or documentation).	
Article 7 (3)	Comment: The term 'extend' referring to the scope of the internal model prescribes a widening of the scope, however the scope may not always be expanding. Proposed update(s): We propose that 'extend' is replaced with 'change'.	
Article 8 (1)		
Article 8 (2)		
Article 8 (3)		
Article 9 (1)		
Article 9 (2)		
Article 10		
Annex I		

