

**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:	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"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; <b>if you change numbering, your comment cannot be processed by our IT tool</b></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, <u>in Word Format</u>, to <a href="mailto:CP-14-009@eiopa.europa.eu">CP-14-009@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering refers to Implementing Technical Standards On the procedures to be followed for the approval of the application of a matching adjustment.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment		
Recital (1)		
Recital (2)	<p>Can you please clarify the intended meaning of the line « Applications... should be prepared on a prudent and realistic basis »</p> <p>Does this imply that the calculation of the USPs in the application have to be prepared on both a realistic and prudent basis?</p>	
Recital (3)		

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Recital (4)		
Recital (5)		
Recital (6)		
Recital (7)		
Recital (8)		
Recital (9)		
Recital (10)		
Recital (11)		
Article 1 (1)		
Article 1 (2)	<p>This outlines that the Cover Letter has to state that the application complies with Article 2, 3, 7 and 8 of this Regulation.</p> <p>However Article 2 is a request from the supervisory authority for additional information to assess the application. This request will not have taken place at the time the Cover Letter is submitted.</p> <p>Also Articles 7 and 8 can only be complied with following the approval for the use of USPs.</p> <p>We suggest changing the wording to: « ..... stating that the application complies with Articles 1 and 3, will comply with Article 2 if further information is requested and will comply with Articles 6, 7 and 8 following approval for the use of USPs. »</p>	
Article 1 (3)		
Article 1 (4) a		
Article 1 (4) b		
Article 1 (4) c	Can you please clarify which of the two situations is referred to by the phrase « the	

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	<p>standardised methods »:</p> <ol style="list-style-type: none"> <li>1. the situation where various methods were applied to calculate the USPs for each single segment</li> <li>2. the situation where the USP for each segment may have been calculated using a different standardised method</li> </ol> <p>If the intention is No.1 above, we suggest adding the reference « for each single segment » to the end of (4) (c)</p> <p>We suggest the application should also contain a comparison of the results from each standardised method used and a justification for the selected standardised method for each USP.</p>	
Article 1 (4) d	<p>Can you please clarify if the application should include the calculation for all of the standardised methods or just the one the undertaking is applying to use the result from?</p> <p>We also suggest changing the reference « ...applies to use and information that the... » to « ...applies to use and evidence and justification that the...”</p>	
Article 1 (5)		
Article 2 (1)		
Article 3 (1)		
Article 3 (2)	<p>Could you clarify whether the appropriateness of the standardised method chosen should be justified and compared against the other standardised methods?</p> <p>We suggest adding a specific comment stating that « A comparison of results from each method should be included. »</p> <p>Some underlying assumptions of the methodologies proposed for calculating undertaking specific parameters are never verified (e.g independence between underwriting years). As a consequence, the criteria for acceptability could be</p>	

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	modified. We suggest the following: « ....whether data are compliant with the assumptions (and why any unadequacy observed could be considered reasonable) ».	
Article 4 (1) a		
Article 4 (1) b		
Article 4 (2)		
Article 5 (1)	Similar to Article 5 (8). Could you please clarify that failure of the supervisory authority to inform the undertaking that the application is complete within 30 days does not imply that the application is complete and hence that the 6 month approval period has started?	
Article 5 (2)		
Article 5 (3)		
Article 5 (4)		
Article 5 (5)		
Article 5 (6)		
Article 5 (7)		
Article 5 (8)		
Article 6 (1)		
Article 7 (1)	Could you please clarify if this implies that the supervisory authority does not require that the updated USP values are sent to them?	
Article 8 (1)		
Article 9 (1)		
Article 9 (2)		
Explanatory Text 4.1 (a)		
Explanatory Text 4.1 (b)		

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Explanatory Text 4.1 (c)	<p>« as well as the underlying assumptions in the standard formula parameters and behind undertaking-specific parameters are the same; »</p> <p>This is not clear and not fully coherent as the assumptions required for the use of undertaking specific parameters are stronger than the one required for the use of the standard formula. This could be either removed or replaced by « as well as the underlying assumptions behind the undertaking specific parameters are at least as strong as those behind the standard formula ».</p>	
Explanatory Text 4.1 (d)		
Explanatory Text 4.2		
Explanatory Text 4.3	Could you please clarify what level of information is required for « data adjustment » and if a materiality level applies?	
Explanatory Text 4.4	<p>Typographic error :</p> <p>« otherwise, the reason why <b>they</b> have not been considered at all »</p>	
Explanatory Text 4.5		
Explanatory Text 4.6		
Explanatory Text 4.7		
Explanatory Text 4.8		
Explanatory Text 4.9	We suggest to use the same wording « standardised method » in all paragraph so that it is obvious that only the methods proposed by EIOPA are acceptable. Therefore we suggest replacing « available methods » with « standardised methods » in this paragraph.	
Explanatory Text 4.10	<p>Can you please clarify if you intend to give more precise guidance regarding the assessment of model error?</p> <p>Could you please clarify if the outputs of the standardised methods are not considered appropriate as undertaking specific parameters without a specific estimate of the model error?</p>	

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Explanatory Text 4.11		
Explanatory Text 4.12		
Explanatory Text 4.13	We suggest removing the reference to partial internal model. The proposed text seems unclear. We suggest to replace the paragraph with: « Where the underlying risks of a module for quite typical activity are consistent with standard formula assumptions, the use of undertaking-specific parameters should not be considered as an appropriate choice of parameters/segments. »	
Explanatory Text 4.14		
Explanatory Text 4.15		
Explanatory Text 4.16		
Explanatory Text 4.17		
Explanatory Text 4.18		
Explanatory Text 4.19		
Explanatory Text 4.20	We suggest replacing « The six months <b>can</b> be suspended » with « The six months <b>will</b> be suspended » in order to be consistent Article 5 (4) and also Policy Issue 5.	
Annex I: Procedural issues and consultation of interested parties		
Annex I: Problem definition		
Annex I: Proportionality		
Annex I: Baseline		
Annex I: Objective pursued		
Annex I: Policy options - Policy issue 1		
Annex I: Policy options - Policy issue 2		
Annex I: Policy options -		

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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		