

Summary of Comments on Consultation Paper 66 - CEIOPS-CP-66/09 CEIOPS-SEC-168-09
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			supervisory authority endorse the responsibility about the adequacy of the control system?	never endorse the responsibility for the control system as this always lies with the legal entity.
2.	AMICE	General Comment	<p>These are AMICE’s views at the current stage of the project. As our work develops, these views may evolve depending in particular on other elements of the framework which are not yet fixed.</p> <p><input type="checkbox"/> AMICE members understand that the proposed text is primarily aimed at regulating cross-border activities. It is important to safeguard – and AMICE would want confirmation – that the system proposed is equally applicable to groups operating in one single Member State and the local supervisor should not be allowed to use stricter rules for purely domestic groups.</p> <p>AMICE members regard it essential that groups with non-vertical (horizontal or “parallel”) structures, including those that are only active in one Member State, existing in some countries should also be allowed to use centralised risk management (and centralised systems of governance).</p> <p><input type="checkbox"/> CEIOPS includes a description of a domination agreement as it exists in a few Member States. We strongly suggest to CEIOPS to investigate (seek information) and comment on other forms of agreements between insurance undertakings that include aspects of control, e.g. SGAMs as they exist in France.</p> <p>In this context, we argue that CEIOPS should be recognise that other forms of agreements including aspects of “domination” exist (see the “mutual group” definition on level 1 and its reference to</p>	<p>Noted.</p> <p>The rules are the same for all groups.</p> <p>Such agreements may exist in various forms. With regard to the Directive and the implementing measures any such agreement will only be valid if not circumventing company law and also all relevant articles in the Directive on governance and risk</p>

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			<p>“dominant influence). The “power to dominate” may be assigned either to a member company of the (vertical) group or – e.g. in a horizontal structure – to a member of the group responsible for centralising the management and control of risks taken by all members.</p> <p><input type="checkbox"/> The decision for applying rules governing the supervision of group solvency with respect to the groups with centralised risk management should be taken by the Group supervisor only.</p>	<p>management has to be complied with. Functions may be outsourced, internally in the group or externally. Furthermore tasks may be delegated within the group maintaining the internal control at solo and group level, any such delegation will need a written agreement. It also important to mention here that all intra-group transactions and pricing shall be carried out in accordance with the arms length principle.</p>
3.	Association of British Insurers	General Comment	<p><input type="checkbox"/> We find the requirements for groups with centralised risk management very extensive and burdensome, beyond what is required for effective risk management. Applying a “consistent” centralised risk management should not mean “uniform”. In practice, very few groups will be able to meet these requirements.</p> <p><input type="checkbox"/> Some of the requirements might conflict with the way a group is properly managed. The proposals encourage:</p> <ul style="list-style-type: none"> o Material tasks and substantial decisions in relation to risk management and internal control to be transferred from the subsidiary to the ultimate parent undertaking – this might require a transfer of both strategic and operational tasks. o Ultimate parent undertaking to set up comprehensive written policies that illustrate the risk management strategy and its implementation on group and solo level o Ultimate parent undertaking to undertake the ORSA at the 	<p>Noted. Please refer to specific sections and questions for guidance.</p> <p>The IGSC acknowledge that all groups will have different combinations of centralisation and group wide risk management. The important thing is that the RM system is appropriate for the risk profile of the group and that any transfer of tasks is carried out in a controlled manner compliant with company law and the Directive.</p>

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		<p>level of the group and at the level of all subsidiaries</p> <p>o ...</p> <p><input type="checkbox"/> Groups currently have very different ways of organising their risk management function according to their needs and centralised risk management might not be the most appropriate approach for all groups (e.g. Bank-insurance groups). Not having a centralised risk management function does not necessarily mean that the group has a weaker form of risk management. Risk management should be appropriate to the nature and shape of the group. What is critical is to achieve and demonstrate high standards, whatever organisation of risk management chosen. Such flexibility is allowed for at level 1 and should be maintained under level 2.</p> <p><input type="checkbox"/> Therefore, whilst we see some merit in having provisions applying specifically to groups with centralised risk management, we believe this should not prevent other groups with group wide risk management to apply for a single group wide ORSA and SFCR under less rigorous requirements than those which apply to centralised risk management. These two different group risk structures should be both taken into consideration for the purpose of group supervision.</p> <p><input type="checkbox"/> The group wide risk management required should be proportionate to the group structure and to the overall risk profile of the group and of its entities. In more complex entities a more sophisticated approach in risk management might be needed. As a result the degree of sophistication of risk management might differ across the group.</p> <p><input type="checkbox"/> We believe there should be a consistent process for supervisors to decide on firms' application for the centralised risk management.</p> <p><input type="checkbox"/> We are concerned that the provisions on supervisory cooperation process and colleges might not be sufficient to ensure</p>	<p>Centralised RM is not a prerequisite for single ORSA and SFCR.</p>
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			<p>proper interaction between supervisors. The application process is not particularly intuitive and could place additional burdens on the group.</p> <p><input type="checkbox"/> It is not necessarily appropriate to impose certain requirements (e.g. ORSA, Group Actuarial Function) on certain group companies (i.e. group companies who only hold investments in insurance firms). Such infrastructure should be required instead at the level of the insurance firm.</p>	The actuarial function will not be applicable to an investment firm.
4.	Association of Run-Off Companies	General Comment	<p>Discussion of groups is always contemplating either subsidiary level or ultimate parent company risk and governance arrangements. No mention of an intermediate holding company (e.g. UK group with an overseas domiciled multinational group) and no mention of divisional arrangements (e.g. global motor division within a multinational diversified group, or a runoff division).</p>	Noted. Please refer to specific sections and questions for guidance.
5.			Confidential comments deleted.	
6.	CEA	General Comment	<p>The CEA welcomes the opportunity to comment on the Consultation Paper (CP) No. 66 on supervision of groups with centralised risk management.</p> <p>It should be noted that the comments in this document should be considered in the context of other publications by the CEA.</p> <p>Also, the comments in this document should be considered as a whole, i.e. they constitute a coherent package and as such, the rejection of elements of our positions may affect the remainder of our comments.</p> <p>These are CEA's views at the current stage of the project. As our work develops, these views may evolve depending in particular, on other elements of the framework which are not yet fixed.</p> <p>Moreover, it should be noted that this consultation has been carried</p>	Noted. Please refer to specific sections and questions for guidance.

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		<p>on an extremely short time frame which has not allowed a complete analysis of all the advice. Therefore, the following comments focus only on the main aspects of Ceioms' advice and are likely to be subject to further elaboration in the future.</p> <p>We do not agree with Ceioms that group wide risk management and centralised risk management are two distinct concepts.</p> <p>Article 234 in the FD was closely connected to the approval process for entering into the group support regime, which has been excluded from the directive. Nevertheless, we agree that there is a need for centralised risk management and that industry can benefit from applying it. However, we see centralised risk management as similar to group wide risk management and therefore consider that the requirements to apply for Article 234 to be too stringent. We would also like to emphasise that the implementation of centralised risk management should not be a pre-requisite for applying the group support regime in the future or for being allowed to use single group-wide ORSA and SFCR.</p> <p>There should be flexibility in the way groups organise their risk management.</p> <p>There is not just one specific group structure; instead groups are structured in very different ways (financial holdings, strategic holdings, service holdings etc.). Thus, the organisation of risk management in a group will vary from group to group and the requirements should be flexible. This is necessary to reflect the way groups are managed. We are specifically concerned about cases where a holding company is the parent and the daughters have quite diverse business. In such cases the requirements on different group functions sometimes seem to reach further than the intentions in the Level 1 text.</p> <p>We welcome a principles based approach for groups. It is essential</p>	<p>Any RM structure will have to be identifiable for the legal structure</p>
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		<p>that groups can structure the risk management function at group level according to the structure of their management. From an organisational point of view, for example staff dealing with the risk management function at group level should not necessarily be located in the ultimate parent undertaking. The structure should be based on lines of business and not on legal entities. Otherwise, the implementation of risk management in the business decisions, e. g. the use of internal models, will be difficult. The key issue is that that risk management is effective.</p> <p>No guidance is given regarding the implementation of Solvency II within solo entities outside the EU.</p> <p>We believe that only few groups are able to meet all requirements on centralised risk management.</p> <p>The requirements should not be so stringent as to make this section of the Directive effectively redundant. Ceiops should consider how groups are managed in practice.</p> <p>We suggest that the application of centralised risk management should support flexible extension of group wide risk management allowing insurance groups to implement some (but not necessarily all) features of centralised risk management.</p> <p>Some of the requirements might conflict with the way a group is managed.</p> <p>Material tasks and substantial decisions in relation to risk management and internal control are transferred from the subsidiary to the ultimate parent undertaking – this might require a transfer of both strategic and operational tasks.</p>	<p>as well as the operational structure.</p> <p>Subsection 6 only applies to groups with the ultimate parent undertaking located in the EEA and to their EEA subsidiaries.</p>
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		<p><input type="checkbox"/> Ultimate parent undertaking to set up comprehensive written policies that illustrate the risk management strategy and its implementation on group and solo level.</p> <p><input type="checkbox"/> Ultimate parent undertaking to undertake the ORSA at the level of the group and at the level of all subsidiaries.</p> <p><input type="checkbox"/> Substantial supervisory discretion: decisions taken on a case by case basis and additional criteria may be considered.</p> <p>Consistency should not require a uniform implementation.</p> <p>Clarity is needed on how “consistent” will be interpreted in practice. It should not mean “uniform”. It is important to recognise that different entities within a group will need different kinds of specific risk management systems embedded in the overall system of the group. For example, a group can also include non-regulated entities, such as IT service providers. Of course risk management in such entities will be different from direct insurers with policyholders to protect. The IT service provider will be part of operational risk considerations but not of investment or insurance risks calculations (less quantitative approaches are needed). With regard to “consistency” no local supervisor should request its supervised undertakings a specific sub-group risk management structure.</p> <p>Principle of proportionality should be applied.</p> <p>The group wide risk management required should be proportionate to the group structure and to the overall risk profile of the group and of its entities. In more complex entities a more sophisticated approach in risk management might be needed. As result the degree of sophistication of risk management might differ across the group.</p>	
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			<p>We recommend that Ceiops consider company law.</p> <p>This is relevant in particular when it comes to participations. Here the groups' risk management will not have any controlling power nor rights to request a specific risk management structure.</p> <p>Application for centralised risk management should be based on the Level I criteria.</p> <p>As regard the criteria for application according Article 237 there should be no supervisory discretion in setting additional criteria as those in Article 236 (a) - (d). There should be a common process for supervisors to decide on undertakings' entry into the centralised risk management system.</p>	The process is laid down in the level 1 text.
7.			Confidential comments deleted.	
8.	CRO Forum	General Comment	<p>1. 66.A The CRO Forum strongly supports the concept of "Group wide risk management" (priority: high)</p> <p>2. The concept of Centralized Risk Management has been taken as the most advanced and strongest approach to risk management a company can take. As already expressed in our letter addressed to CEIOPS on the 28th September, the CRO Forum strongly supports the concept of effective "Group Wide Risk Management" as defined within this consultation paper, which is considered by most large European groups to be the most effective way of organising their risk management structure. It provides an appropriate balance between local expertise and knowledge on one hand and central control and oversight on the other.</p> <p>3. Most large European Groups have, by structure, a high level</p>	Noted. Please refer to specific sections and questions for guidance.

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		<p>of delegated autonomy for governance, risk management, business processes and IT-system infrastructure at their business units. Therefore such insurers are unlikely to favor/ adopt a centralised risk management approach at group level.</p> <p>4. 66.B "Centralized Risk Management" sets far reaching standards for a Group to comply with in order to benefit from the full Group Supervision regime (priority: high)</p> <p>5. Our understanding is that the benefits of "centralized risk management" is the requirement for supervisors to strengthen cooperation, provide a more transparent decision making process, define a procedure for supervisory decision making within the college of supervisors and reinforce the role of the Group Supervisor for the specific cases of capital add-on and breach of SCR/ MCR.</p> <p>6. We are therefore concerned that the concept of "Centralized Risk Management" sets new and far reaching standards for a Group to comply with in order to benefit from the full Group Supervision regime. This pressure may in fact weaken a company's risk management if so adopted as group wide risk management needs to be defined in order to fit the structure of the organization.</p> <p>7. Indeed, Solvency 2 already provides an enhanced framework for Group supervision with (i) incentive for supervisors to cooperate, (ii) improved effectiveness and reduced burden for the supervision of Groups. All these features are covered in Chapter III of the SII directive, "Measures to facilitate group supervision" (Article 250). The principles for effective Group supervision, of which transparency and consistency are key in the case of capital add-ons, should be consistently reflected and applied for all groups irrespective of the group risk management framework adopted.</p> <p>8. 66.C Criteria of "centralized risk management" are very restrictive and compliance with all proposed aspects only likely to</p>	<p>Group supervision should and will be adapted to the risk profile and RM system of the group to the extent possible whatever the level of centralisation.</p>
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			<p>be possible for non-material subsidiaries (priority: medium)</p> <p>9. The criteria for centralised risk management are so restrictive that it may only be possible for non-material subsidiaries. The restrictive criteria seem to be coupled with a lot of discretion from supervisors (as proposed in paragraphs 3.9 and 3.10 of the advice); this will create even greater uncertainty on how centralised risk management will be applied.</p> <p>10. However, at an individual entity level, we recognize that this concept may facilitate the Risk Management organisation for non-material sub-subsidiaries, for instance the internal outsourcing/transfers of the risk management function to the parent undertaking.</p> <p>11. Finally, for groups deciding to apply, we suggest that "centralised risk management" should be applied in a flexible manner to develop the benefits of "group wide risk management" and allow groups (or part of groups) to implement some but not all requirements of "centralised risk management" from the beginning. Specifically, the requirements should address a common set of tasks, methodologies and processes (listed in order of priority) to be implemented and reinforced centrally for the entire Group (or a part of) to obtain the benefits of full group supervision.</p>	
9.	DIMA	General Comment	<p>DIMA welcomes the opportunity to comment on this paper.</p> <p>Comments on this paper may not necessarily have been made in conjunction with other consultation papers issued by CEIOPS.</p> <p>Centralised risk management is considered in this consultation paper only from the point of view of a group within the Solvency II regime and a subsidiary which is also under the Solvency II regime. It is necessary to have an opinion from CEIOPS for groups where parent companies are outside the Solvency II regime.</p> <p>The requirements for groups seeking to use centralised risk</p>	Noted. Please refer to specific sections and questions for guidance.

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			<p>management are extremely onerous and would be impractical for the majority of groups. However, a group applying consistent group-wide risk management and fulfilling all of the criteria laid out in this consultation paper would have an extremely strong risk management framework and should be permitted to avail of some of the advantages of centralised risk management, e.g. the requirement to prepare an ORSA at group level.</p> <p>The requirements to be fulfilled under consistent group-wide risk management are considerable and are likely to involve significant time and effort for groups. For some groups it may not be possible to have all these arrangements in place by October 2012. Consideration should be given to extending the deadline by which all arrangements must be in place.</p> <p>Outsourcing as a group-wide policy management is not discussed, whereas it could be considered as an important decision for group-wide risk management and centralised risk management.</p> <p>Each centralised risk management is to be dealt with on a case by case basis. Under these circumstances, it is vital that each (re)insurance entity is treated in a fair and consistent manner.</p> <p>The timeframe for the approval of the Centralised Risk Management process needs to be clearly defined. The consultation paper notes that the college of supervisors will “try” to reach a joint decision within three months, and also notes that this time period may be extended by a further month if there are disputes between the supervisors. In defining the process, it is important to include correspondence with the (re)insurers so there is an awareness of additional information requirements and how long the process will take, to allow for appropriate planning within the entity.</p>	<p>According to the Level I text all groups can apply for a single group wide ORSA and SFCR.</p>
10.	European Insurance CFO Forum	General Comment	<p>The CFO Forum welcomes the concept of a centralised risk management function in principle. However, we believe the definition should be principle-based rather than prescriptive in</p>	<p>Noted. Please refer to specific sections and questions for guidance.</p>

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		<p>order that undertakings can retain flexibility to run different group structures in the most appropriate way.</p> <p>The CFO Forum agrees with the concept of centralised risk management in principal but recognises that the current definition is very prescriptive in nature. The CFO Forum believes that the definition should be principle-based in order that undertakings can retain an element of flexibility when establishing a function that is aligned to the structure and requirements of the group. The appropriateness of the definition should be reconsidered prior to any further use.</p> <p>The proposed requirements for centralised risk management do not serve to reduce the overall regulatory burden. The CFO Forum believes that there should be tangible regulatory benefits for groups adopting centralised risk management.</p> <p>The advice in CP66 permits a reallocation of some tasks from the subsidiaries' risk management functions to the group risk management function and advises on the additional requirements for groups with centralised risk management. However, it does not seem to reduce the overall regulatory burden and the responsibility for subsidiary risk management remains with the subsidiary. The CFO Forum believes that there should be some benefit in terms of a reduction in regulatory burden for groups with centralised risk management.</p> <p>Groups should be permitted to produce a single document ORSA and SFCR.</p> <p>As outlined above, the CFO Forum believes that the definition of centralised risk management should be principles-based. As a result, groups who do not comply with the prescriptive conditions</p>	<p>According to the Level I text all groups can apply for a single group wide ORSA and SFCR.</p>
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			<p>set out in CP66 may still be considered to have a centralised risk management function and as such, should be allowed the flexibility to produce one ORSA document and one SFCR document covering the assessments at the solo and group level.</p> <p>For example, in the case of a group with life insurance and investment subsidiaries, group management may decide that it is most appropriate to produce a single ORSA covering all the life insurance entities, a single ORSA covering all the investment entities and an group ORSA including the elements relevant at the overall group level, in particular liquidity and concentration risks across the whole group.</p>	
11.	FFSA	General Comment	<p>The FFSA would like to emphasis the point that the implementation of centralised risk management should not be a pre-requisite for a Group supervision and, in the future, for applying the Group support mechanism.</p>	Noted. Please refer to specific sections and questions for guidance.
12.			Confidential comments deleted.	
13.	GDV	General Comment	<p>GDV recognises CEIOPS' effort regarding the implementing measures and likes to comment on this consultation paper. In general, GDV supports the detailed comment of CEA. Nevertheless, the GDV highlights the most important issues for the German market based on CEIOPS' advice in the blue boxes. It should be noted that our comments might change as our work develops.</p> <p>Based on our experience during the previous two consultation waves we also want to express our concerns with regard to CEIOPS decisions:</p> <ol style="list-style-type: none"> 1. restricting the consultation period of the 3rd wave to less than 6 six weeks 	Noted. Please refer to specific sections and questions for guidance.

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		<p>2. splitting the advice to the EU-commission in two parts ((1) first+second wave and (2) third wave) although both parts are highly interdependent</p> <p>3. not taking into account many comments from the industry due to the high time pressure (first+second wave)</p> <p>These decisions could reduce the quality of the outcome of this consultation process. Therefore we might deliver further comments after we fully reviewed the documents.</p> <p>From our point of view, it could be foreseen that especially the calibration of the QIS5 will not be appropriate nor finalised when beginning in August 2010.</p> <p>1. We appreciate CEIOPS overall principles-based approach for groups.</p> <p>2. There is not just one specific group instead groups are structured in general in a very different way (financial holdings, strategic holdings, service holdings etc.). Thus, structural aspects of how to deal with risk management in a group should be able to deal with in a very flexible manner. This is necessary to reflect the way groups are managed. Otherwise, the implementation of risk management in the business decisions, e. g. the use of internal models, would be difficult.</p> <p>3.</p> <p>4. Organisational freedom is needed to ensure the flexibility in group wide risk management that is needed</p> <p>5. It is essential that groups can structure the risk</p>	
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		<p>management function at group level according to the structure of their management. From an organisational point of view, for example staff dealing with the risk management function at group level should not necessarily be located in the ultimate parent undertaking.</p> <p>We believe that only few groups are able to meet all requirements on centralised risk management as proposed by CEIOPS.</p> <p>The requirements should not be so stringent as to make this section of the Directive effectively redundant. CEIOPS should consider how groups are managed in practice.</p> <p>We suggest that the application of centralised risk management should support flexible extension of group wide risk management allowing insurance groups to implement some (but not necessarily all) features of centralised risk management.</p> <p>6. Some of the requirements might conflict with the way a group is managed.</p> <p>Material tasks and substantial decisions in relation to risk management and internal control are transferred from the subsidiary to the ultimate parent undertaking – this might require a transfer of both strategic and operational tasks.</p> <p><input type="checkbox"/> Ultimate parent undertaking to set up comprehensive written policies that illustrate the risk management strategy and its implementation on group and solo level.</p> <p><input type="checkbox"/> Ultimate parent undertaking to undertake the ORSA at the level of the group and at the level of all subsidiaries.</p>	
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			<p>Substantial supervisory discretion: decisions taken on a case by case basis and additional criteria may be considered.</p> <p>We believe that the requirements for group wide risk management should allow for more flexibility.</p> <p>These requirements should apply to many different kinds of group structures and we are specifically concerned in cases where a holding company is the parent and the daughters have quite diverse business. In such cases the requirements on different group functions sometimes seem to reach further than the intentions in the Level 1 text.</p> <p>No guidance is given regarding the implementation of Solvency II within solo entities outside the EU.</p> <p>7. Consistency should not require a uniform implementation</p> <p>Clarity is needed how “consistent” will be interpreted in practice. It should not mean “uniform”. It is important to recognise that different entities within a group will need different kinds of specific risk management systems embedded in the overall system of the group. For example, a group can also include non-regulated entities, such as IT service providers. Of course risk management in such entities will be different from direct insurers with policyholders to protect. The IT service provider will be part of operational risk considerations but not of investment or insurance risks calculations (less quantitative approaches are needed). With regard to “consistency” no local supervisor should request its supervised undertakings a specific sub-group risk management structure.</p>	
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				group wide ORSA and SFCR.
14.	Groupe Consultatif	General Comment	<p>We do not think that the envisaged physical transfer of risk management activities to a central function within the parent should be seen as necessarily superior to a group risk management that provides coordination of risk management exercised in full by each local entity. It is likely that the benefits of centralisation will vary according to the types of business written and the business model used. For example in life business understanding of local conditions and products may be critical whereas for non life business there may be less local focus (or vice versa for certain lines).</p> <p>Physical centralisation may make more sense for a single country group than for the same business diversity spread over many states within and outside the EU.</p>	Noted. Please refer to specific sections and questions for guidance.
15.	Investment & Life Assurance Group Ltd	General Comment		
16.	IUA	General Comment	<p>We welcome the draft advice provided in this CP. The document understandably focuses on centralised risk management for groups, for the purposes of group supervision under Solvency II. Some companies may be part of a larger international group headquartered outside the EU with a centralised risk management function. Our understanding is that centralised group risk management can apply to non-EU headquartered groups and would appreciate confirmation of this position.</p>	Noted. Please refer to specific sections and questions for guidance.
17.	Just Retirement Limited	General Comment	<p>When the revised Level 1 Directive was published in early November there were a number of revisions to the article numbering. As a consequence, all consultation papers released as</p>	Noted. Please refer to specific sections and questions for guidance.

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			part of wave 3 therefore were referenced to the incorrect articles. This made the process of reviewing the CP's more time consuming. In future, it is suggested that revised versions are published with correct references.	
18.	KPMG ELLP	General Comment	<p>We believe that it is a useful exercise to differentiate between the two proposed systems (group wide risk management and centralised risk management) and to give guidance on the expected treatment of the two systems by the college of supervisors. We welcome the outline of each set of principles as set out within the consultation paper as useful guidance on the differences between the two approaches.</p> <p>However, we feel that the consultation paper does not provide enough detailed direction for groups contemplating applying a centralised risk management system. The inference of the current text and advice places a large amount of reliance on the ability of the supervisory authority's acceptance of relatively general statements in relation to delegated functions, shared responsibility and prudent management oversight.</p> <p>We believe that, in the absence of group support, there is limited incentive for groups to adopt a centralised risk management approach, as the proposed requirements could be impracticable for groups that are diverse in nature, so that a group-wide risk management approach may be more appropriate.</p> <p>There are a number of aspects where we feel further clarification may be useful, for example in relation to third country (re)insurers within the group or in relation to governance requirements at both group and subsidiary level with respect to internal model certification in accordance with CP 56. Essentially, the cooperation between the local and group supervisory authorities / college of supervisors with regard to the evaluation of risk management organisations needs to be better clarified.</p>	Noted. Please refer to specific sections and questions for guidance.

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			Generally, it would be useful if the final advice could provide examples of how firms should consider whether to adopt a group-wide or centralised approach to risk management. Annex 1 outlines comparators to the proposed regulatory requirements between these approaches, but does not assist firms in demonstrating how they should evidence which approach would be most appropriate to the (re)insurance undertaking and its policyholders. It would be helpful to (re)insurance undertakings to understand potential benefits and concerns that may arise from adopting either approach, from their own as well as from the supervisory perspective.	
19.	Lloyd's	General Comment	Overall we are in favour of the approach. We agree that centralisation of risk management can rely on delegation of tasks but not of responsibilities and hence solo subsidiary entities remain accountable for operating adequate risk management systems at the solo level, even if tasks are outsourced within the group or to the parent undertaking.	Noted. Please refer to specific sections and questions for guidance.
20.	Lucida plc	General Comment	Lucida is a specialist UK insurance company focused on annuity and longevity risk business. We currently insure annuitants in the UK and the Republic of Ireland (the latter through reinsurance). We are concerned that the guidance on consistent group wide risk managements is written with larger groups in mind. Consideration should be given to providing some guidance how smaller firms with one or two subsidiaries can be permitted to have centralised risk management. We note that the application of the article will be based on a case by case basis, but there should be some recognition that different models will operate for smaller groups for which it is not cost effective to replicate all the processes in all subsidiaries.	Noted. Please refer to specific sections and questions for guidance.
21.	Munich Re	General Comment	We fully support all of the GDV statements and would like to add the following points:	Noted. Please refer to specific sections and questions for

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			<p>ons, should be consistently reflected in all parts of the Directive. We are concerned that the concept of "Centralized Risk Management" sets new and far reaching standards for a Group to comply with in order to benefit from the full Group Supervision regime.</p> <p>66.C Criteria of "centralized risk management" are very restrictive and only a few groups will comply with all proposed aspects with maybe the exception of parts of non-significant subsidiaries</p> <p>Groups that have by structure high level of delegated autonomy for governance, risk management, business processes and IT-system infrastructure to business units are unlikely to be allowed to adopt a centralised risk management approach.</p> <p>But we recognize that this concept will facilitate the Risk Management organisation for non-significant subsidiaries. Indeed, the size of risk management teams at an individual entity level should be proportionate to the scale and nature of the risks managed by that entity.</p>	
22.			Confidential comments deleted.	
23.	PricewaterhouseCoopers LLP	General Comment	<p>We note that para 3.16 states that 'a risk management system on group level (group wide risk management system) has to be suitable, effective and proportionate to the nature, structure, scale and complexity of the group's business and the risks inherent in the business'.</p> <p>Doing this may warrant the establishment of some centralised risk</p>	Noted. Please refer to specific sections and questions for guidance.

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			<p>management functions. The effort involved in obtaining regulatory permission for doing so, however, may outweigh the perceived benefits and essentially prejudice the adoption of an optimal risk management approach for the group as a whole.</p> <p>Recognising that some of the elements of this procedure are now 'hard-wired' into the Level 1 text, nevertheless it may be hoped that cooperation in the colleges of supervisors going forward is such to significantly facilitate such applications in the future.</p>	
24.	RSA Insurance Group	General Comment	<p>"Centralised Risk Management" should be applied in a flexible manner. We believe we can readily meet the requirements of Group wide risk management and believe it will be both burdensome and impractical to apply the full centralised risk management framework. Our current approach utilises Group expertise, control, oversight and challenge together with local knowledge and market experience.</p> <p>1. We therefore support the CRO Forum's suggestion that "centralised risk management" should extend "group wide risk management" in a flexible manner by allowing groups to implement some but not all requirements of "centralised risk management".</p> <p>We further believe that it is inappropriate to dictate how a firm should structure their risk function. Each firm structures their risk function around their respective risk profile and this flexibility should be maintained under Solvency II. Where the regulator believes that a firm's risk structure is not fit for purpose then this should be remediated through other channels.</p> <p>2. We are also concerned that the concept of "centralised risk management" sets new and far reaching standards for a Group to comply with in order to benefit from the full Group Supervision regime.</p>	Noted. Please refer to specific sections and questions for guidance.

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25.			Confidential comments deleted.	
26.	XL Capital Ltd	General Comment	<p>We welcome CEIOPS' attempt to clarify the different forms of risk management organisation. We found the table in Appendix 1 useful as it spells out the differences between the two forms of risk management structures considered in the paper.</p> <p>We would welcome more clarity in how insurance groups with non EEA undertakings (including parent undertakings) are to apply centralised risk management. For example, are the outsourcing requirements described in paragraphs 3.97 to 3.101 applicable for such groups?</p>	Noted. Outsourcing constitutes a viable framework for centralization.
27.	Just Retirement Limited	1.1.	<p>This response applies to 1.1 to 3.2.</p> <p>The purpose of this consultation paper is to consult on implementing measures as required by Article 241 which requires criteria to be introduced in relation to Article 236.</p> <p>Article 236(b) requires risk management processes and internal control mechanisms of the parent undertaking to cover the subsidiary.</p> <p>This is a separate requirement to Article 246(1) which requires, inter alia, that the risk management and internal control systems and reporting procedures shall be implemented consistently in all undertakings included within a group.</p> <p>We believe that CP66 interprets the requirements of Article 236(b) too strictly. The requirement for the risk management & internal controls of the parent undertaking to cover the subsidiary has been expanded upon in this consultation paper, relative to the provisions of the Directive. The Directive therefore leaves much scope for implementing measures to provide for a wide range of solutions.</p>	Noted. CEIOPS understands a centralized risk management system as being complementary to the basis governance requirements. CEIOPS offers some example of group arrangements in the Advice, those don't constitute a conclusive list. Clarification regarding the ORSA was added in the revised Advice.

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		<p>CP66, however, sets out only one form of centralised risk management. Annex 1 sets out very tight implementing measures in relation to the requirements for group wide risk management (effectively the default option) and centralised risk management.</p> <p>There are thousands of insurers within the EU, many of which are classified as groups. These groups organise their structures as well as risk management and internal control systems very differently. As a consequence of these recommendations, many firms will not be eligible to report Group ORSAs and Group Solvency & Financial Condition Reports, under the terms proposed within this consultation paper.</p> <p>These firms will therefore be required to either:</p> <ul style="list-style-type: none"> <input type="checkbox"/> produce ORSAs and Solvency & Financial Condition Reports for each insurance undertaking (rather than on a group basis, which may be the case under their current regulatory regime) – which will make it more difficult for supervisors to fully ascertain the risks to the group, and which may result in the supervisory authorities being less able to examine the potential for increased systemic risk; or <input type="checkbox"/> reorganise their risk management and internal control systems in order to fully comply with the requirements set out in this CP for centralised risk management – a result which may lead to a less well managed group. <p>It is our view that groups should be encouraged to produce Group ORSAs and Financial Condition Reports as this would assist supervisors to form an overall view of the key risks to a group. Therefore we believe that groups should be able to report group-level ORSAs and Financial Condition reports where their risk management and internal controls at the group level are consistently and clearly aggregated so that the regulatory authorities can form a clear understanding of the material risks to</p>	<p>According to the Level I text all groups can apply for a single group wide ORSA and SFCR.</p>
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			<p>the group.</p> <p>In conclusion, Article 246 will apply to all undertaking within the group; 2(a) sets out that the group internal control mechanisms shall adequately identify and measure all material risks. Provided that this test is satisfied, we believe that Article 236(a) is also satisfied and groups can (subject to supervisory approval) report its ORSA and Financial & Condition Report on a group basis. Groups are therefore left to their own discretion to organise their risk management and internal control systems effectively (subject to the other requirements in the Directive).</p> <p>Finally, the CP does not appear to consider those firms which are groups but where all the undertakings within the group are domiciled within one member state. In this instance there will only be one supervisory authority and a college of supervisors will not be necessary. Further guidance is therefore required in order to capture and fully explain the process for this category of groups (i.e. groups where all subsidiaries are domiciled in a single member state). In reality this type of group is probably more numerous than those groups with undertakings domiciled in more than one member state, therefore this is an issue which needs to be clarified.</p>	
28.	IUA	1.4.	<p>(And Paragraph 1.5) the Level 1 text refers to consistent and centralised risk management functions for the purposes of group supervision. We trust that the need to have centralised and consistent risk management function, as set out in this advice, does not apply to groups that consist of subsidiaries run "at-arms-length", or are otherwise independent from each other, and continue to be supervised at a solo level. This might equally apply</p>	<p>The same rules apply for all groups. The College issues will however only appear in cross-border groups.</p> <p>Noted.</p>

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			to mergers and acquisitions where the acquired entity has different risk management structures.	
29.			Confidential comments deleted.	
30.	Deloitte	1.6.	We support CEIOPS's view in that adoption of CRM does not abrogate a subsidiary of its overriding responsibilities in relation to ensuring adequate systems of governance; risk management and internal control systems are maintained and effectively implemented. However we recognise that, in practice, subsidiaries may find it challenging to maintain a feeling of responsibility for tasks that have been transferred to other entities within the group. Also applies to 3.14. and 3.65.	Noted. It should be highlighted that a transfer just of tasks is regarded within the concept of Centralized Risk Management. The responsibility remains always within the Solo Undertaking (see also requirements for outsourcing in the CEIOPS Advice to the EC on the System of Governance)
31.	KPMG ELLP	1.6.	This paragraph allows for ambiguity and possible confusion in its explanation of a possible rationale for a centralised risk management system. In the use of "transfer of tasks and responsibilities" in the first sentence, the paragraph is contradictory in it subsequently stating that tasks, but not responsibility may be delegated. Paragraph 3.665 reconfirms that responsibility resides with the subsidiary even though (material) tasks are substantially transferred to the parent undertaking.	Noted. It should be highlighted that a transfer just of tasks is regarded within the concept of Centralized Risk Management. The responsibility remains always within the Solo Undertaking (see also requirements for outsourcing in the CEIOPS Advice to the EC on the System of Governance)
32.			Confidential comments deleted.	
33.	AMICE	3.1.	CEIOPS states that among the conditions to meet for applying the rules governing the supervision of group solvency with respect to the groups with centralised risk management, the Supervisory authorities concerned have been satisfied as far as the prudent	The requirement to satisfy the supervisory authorities concerned regarding the prudent management of the subsidiary is

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			<p>management of the subsidiary is concerned by the parent undertaking.</p> <p>AMICE members have concerns that the prudent management of each subsidiary should be validated by the local supervisor. We would be in favour that the group supervisor only validates the centralised risk management for each subsidiary of the group.</p> <p>We agree therefore with the CEA's suggestion to replace the "Supervisory authorities" by the "Group Supervisor".</p>	part of the Level I text.
34.	GROUPAMA	3.1.	<p>Among the conditions to meet for applying the rules governing the supervision of group solvency with respect to groups with centralised risk management, CEIOPS proposes that the Supervisory authorities concerned have been satisfied by the parent undertaking as far as the prudent management of the subsidiary is concerned.</p> <p>Groupama suggests replacing the "Supervisory authorities concerned" by the Group Supervisor.</p> <p>Groupama has concerns about the prudent management of each subsidiary being validated by the local supervisor. We would be in favour of only the group supervisor validating the centralized risk management for each subsidiary of the group.</p>	The requirement to satisfy the supervisory authorities concerned regarding the prudent management of the subsidiary is part of the Level I text.
35.	KPMG ELLP	3.1.	In relation to Subparagraph a) we recommend that the wording "the scope of group supervision" is referenced to Article 236 of the Directive (2007/0143 (COD)).	The paragraph is revised in accordance with the respective Article of the Level I text.
36.			Confidential comments deleted.	
37.	RSA Insurance Group	3.1.	c) and d): It is noted that there will be further guidance on these sections. It will be important to outline in future guidance whether these sections, which refer to a single ORSA and a single SFCR for	According to the Level I text all groups can apply for a single group wide ORSA and SFCR.

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			a Group (subject to Group supervisor approval), mean that there is an option to have one model for the Group. E.g. either at sub-group level/business unit or the Group as a whole. We believe that all firms with group wide risk management structures in place should have the option to apply for a single group wide ORSA and SFCR, not only those groups that are applicable for centralised risk management.	
38.			Confidential comments deleted.	
39.	XL Capital Ltd	3.1.	<p>We note that two of the conditions for the rules governing supervision of groups with centralized risk management provide benefits to undertakings with centralised risk management:</p> <p>c) preparation of a single document covering ORSA on Solo and Group level</p> <p>d) preparation of a single SFCR for the whole group</p> <p>We would be interested to know whether CEIOPS perceive any other additional benefits that undertakings adopting centralised risk management are expected to derive?</p>	<p>According to the Level I text all groups can apply for a single group wide ORSA and SFCR. In this respect, there is no need for an application on centralised risk management.</p> <p>There will be no difference with respect to group supervision between groups having a centralised risk management in place and groups without centralised risk management.</p>
40.	Association of British Insurers	3.2.	We believe groups with group wide risk management should also be allowed to apply for a group wide ORSA and SFCR, not only those groups entering the centralised risk management regime.	According to the Level I text all groups can apply for a single group wide ORSA and SFCR. In this respect, there is no need for an application on centralised risk management.

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41.	CEA	3.2.	<p>We understand that Ceiops will provide further guidance at Level III or through other consultation papers on the conditions to be met by insurance groups which would produce at the ultimate parent level:</p> <ul style="list-style-type: none"> <input type="checkbox"/> one single document covering ORSA at Solo and Group level and <input type="checkbox"/> one single document combining the solvency and financial condition report for the whole group. <p>Group-wide ORSA and SFCR should be allowed even if a group does not meet the stringent requirements of centralised risk management but has group wide risk management.</p>	<p>CEIOPS believes that further guidance on this issue should be developed on Level III.</p> <p>According to the Level I text all groups can apply for a single group wide ORSA and SFCR. In this respect, there is no need for an application on centralised risk management.</p>
42.	GDV	3.2.	<p>Group-wide ORSA and SFCR should be allowed even if a group does not meet the stringent requirements of centralised risk management but has group wide risk management.</p>	<p>According to the Level I text all groups can apply for a single group wide ORSA and SFCR. In this respect, there is no need for an application on centralised risk management.</p>
43.	KPMG ELLP	3.2.	<p>We recommend that the final advice provide should provide high level guidance in respect of 3.1 sub-paragraphs a), c), d) and e).</p> <p>Although it is stated that this will be looked at in future consultations, it is of great significance for any group contemplating this course of action that the role of supervisory considerations in respect of these matters will be key to (re)insurance firms considering their approach to risk management, to enable effective implementation in adequate time to enable regulatory approval.</p>	<p>There will be no difference with respect to group supervision between groups having a centralised risk management in place and groups without centralised risk management.</p>

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			The lack of clear advice may result in many groups electing to follow a group-wide risk management approach rather than centralised risk management, on grounds of greater certainty.	CEIOPS believes that it is advisable to develop further guidance on Level III if there is a need for further clarification.
44.	KPMG ELLP	3.4.	We welcome the clarification from CEIOPS that consistent group wide risk management applies to all members of a group and is not mutually exclusive to centralised risk management	Noted.
45.			Confidential comments deleted.	
46.	Deloitte	3.5.	Does CEIOPS reference to 'additional requirements' refer to the need for additional evidence in support of demonstrating the facets of Centralised Risk Management (CRM) documented in Appendix 1, or is there an expectation that, in some cases, requirements above and beyond the Appendix 1 criteria will be required? Also 3.9	The reference to "additional requirements" refers to the need for evidence that a well functioning and transparent centralised risk management is in place.
47.	Groupe Consultatif	3.5.	We question the value of this CP if the decision is to be made on a case by case basis anyway	This CP shall provide for a framework and criteria for assessing group wide risk management and centralised risk management. A case by case decision refers to the heterogeneity of structures and systems that groups have in place and shall not raise the discretion of group supervisors in assessing CRM.
48.	KPMG ELLP	3.5.	We also support the requirement for transparency and the need to evidence the operation of a centralised risk management system	Noted.

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49.			Confidential comments deleted.	
50.	KPMG ELLP	3.6.	1.	Noted.
51.			Confidential comments deleted.	
52.	CEA	3.8.	See our general comments.	Noted.
53.	FFSA	3.8.	The implementation of the centralised risk management constitutes and additional requirement based up on well functioning group wide risk management. The FFSA would like to emphasis this should not constitute a pre-requisite for a Group supervision and, in the future, for applying the Group support mechanism.	There will be no difference with respect to group supervision between groups having a centralised risk management in place and groups without centralised risk management.
54.	KPMG ELLP	3.8.	Please refer to general comment	Noted.
55.	Association of Run-Off Companies	3.9.	Ultimately very flexible, so may not really achieve the level playing field intended. But on balance preferable to a rigid regime which in such a qualitative subject area would be open to rule-bending.	Noted.
56.			Confidential comments deleted.	
57.	CEA	3.9.	We are concerned that decisions on application for centralised risk management are taken on a case by case basis. Decisions on case by case basis combined with additional requirements that are at supervisor’s discretion raise concerns. Appropriate level of harmonisation should be ensured and there should be no additional criteria to be considered. We therefore suggest that the last sentence is deleted.	A case by case decision refers to the heterogeneity of structures and systems that groups have in place and shall not raise the discretion of group supervisors in assessing CRM. The reference to “additional requirements” refers to the need for evidence that a well

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				functioning and transparent centralised risk management is in place.
58.	GDV	3.9.	<p>13. We are concerned that decisions on application for centralised risk management are taken on a case by case basis. Decisions on case by case basis combined with additional requirements that are at supervisor's discretion raise concerns. Appropriate level of harmonisation should be ensured and there should be no additional criteria to be considered. We therefore suggest that the last sentence is deleted.</p>	<p>A case by case decision refers to the heterogeneity of structures and systems that groups have in place and shall not raise the discretion of group supervisors in assessing CRM.</p> <p>The reference to "additional requirements" refers to the need for evidence that a well functioning and transparent centralised risk management is in place.</p>
59.	KPMG ELLP	3.9.	The "additional requirements" mentioned concerning the application need to be further clarified. However, the requirements on the organisation of risk management, when deciding on a case by case basis, have to be in line with the principles of governance set out in the Final Advice relating to the former CP 33.	The reference to "additional requirements" refers to the need for evidence that a well functioning and transparent centralised risk management is in place. CEIOPS agrees that the organisation of risk management has to be in line with the principles of governance as set out in the CEIOPS Advice.
60.	Association of Run-Off Companies	3.10.	See 3.9	Noted.

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61.			Confidential comments deleted.	
62.	Association of British Insurers	3.11.	CEIOPS should clarify how this CP will apply to groups with parents in third countries. The CP discusses consistent group wide risk management as per Art 250, which specifically excludes these types of groups in the second paragraph of Art 250(1). However, Art 264(1) second paragraph states on the other hand that a range of articles which includes Art 250 should be applied by analogy. These two articles contradict each other. Clarification would be welcome.	Noted. Amendments and Clarification was added in the revised Advice.
63.	KPMG ELLP	3.11.	It needs to be made clear somewhere in this paper that references to the 'ultimate parent undertaking' refers to the highest insurance holding company as defined in Article 212. Article 246 relating to group governance arrangements only applies in respect of EEA headed insurance groups It also applied to non-equivalent third country headed insurance groups by virtue of Article 262(1). We believe it would be helpful if CEIOPS were to provide an indication of whether it would expect or permit any differences to be applied in respect of third country groups, and in particular in relation to third country (re)insurers within such groups. Whilst much of the paper can be thought of in terms of general good governance, it is not clear how enforceable this would be in such a situation.	Noted. Amendments and Clarification was added in the revised Advice.
64.	CEA	3.15.	We recommend that Ceioms consider company law. This is relevant in particular when it comes to participations. Here the groups' risk management will not have any controlling power nor rights to request a specific risk management structure.	A reference to company law will be inserted in the Advice. CEIOPS is aware, that company law has to be respected anyway when assessing the structure of the group and the implementation of centralised risk management.

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65.	Deloitte	3.15.	<p>Does this imply that CEIOPS expect the weight of risk management expertise to reside at Group level, such that is able to oversee and steer the functioning of risk management at a solo level?</p> <p>Also 3.46</p>	<p>According to the Level I text the risk management processes of the parent undertaking have to cover the subsidiary. CEIOPS believes, that this also implies that the parent undertaking has to have appropriate tools and procedures to oversee and steer the functioning of risk management systems at solo level.</p>
66.	GDV	3.15.	<p>14. We recommend that CEIOPS considers company law.</p> <p>Considering company law is relevant in particular when it comes to multi-level group structures and participations. Here the groups' risk management will not have less controlling power or rights to request a specific risk management structure.</p>	<p>A reference to company law will be inserted in the Advice. CEIOPS is aware, that company law has to be respected anyway when assessing the structure of the group and the implementation of centralised risk management.</p>
67.	KPMG ELLP	3.15.	<p>Here and in several other paragraphs there are references to the requirements of individual undertakings within the group. Whilst for those (re)insurers falling within the scope of Solvency II it is clear what this means, it would be helpful if CEIOPS were to provide some guidance as to its expectations regarding the application to third country (re)insurers that are outside Solvency II in their solo capacity, but brought within the group requirements through being subsidiaries of participations owned by an insurance holding company as defined in Article 212. With regard to internal model certification, we would welcome further clarification regarding how to align the standards on risk management.</p>	<p>Noted. Amendments and Clarification was added in the revised Advice.</p>

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68.			Confidential comments deleted.	
69.	CEA	3.16.	It should be clarified that the application of the proportionality principle might lead to different level of sophistication of risk management in different entities of a group.	A reference to the proportionality principle is inserted in the Advice.
70.	GDV	3.16.	It should be clarified that the application of the proportionality principle might lead to different sophistication of risk management in different entities of a group.	A reference to the proportionality principle is inserted in the Advice.
71.	ACA	3.19.	We do not understand which decisions may be taken by risk management.	These decisions may include decisions on the possible risk exposure a company/group can accept as well as decisions related to the risk management strategy.
72.	KPMG ELLP	3.19.	We agree that group risk management decisions need to have regard to the impact on the group's risk position and the solo positions.	Noted.
73.	Association of British Insurers	3.20.	The set up and regular evaluation of the group wide risk management following a bottom up approach should be kept at a very high level. Otherwise this would become a very burdensome exercise with little added value.	CEIOPS believes that the set up and regular evaluation of the group wide risk management should not only follow a top down but also a bottom up approach in order to ensure that risk factors special to individual undertakings of the group are also adequately covered in group wide risk management.
74.	European	3.20.	The CFO Forum believes that a bottom up approach to the set up of	CEIOPS believes that the set up

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	Insurance CFO Forum		<p>the group wide risk management will be extremely time consuming and will not add value to the process.</p> <p>The CFO Forum believes that the set up and regular evaluation of group wide risk management should not include a bottom up approach unless the procedures described are very high level. If the procedures described are detailed, the bottom up approach would entail large volumes of documentation and cross-references which would not add any value to the assurance of the efficiency and effectiveness of the process.</p>	and regular evaluation of the group wide risk management should not only follow a top down but also a bottom up approach in order to ensure that risk factors special to individual undertakings of the group are also adequately covered in group wide risk management.
75.	Deloitte	3.21.	<p>Does CEIOPS expect to see efficient systems operating in all 12 of the areas stated between sections 3.22 to 3.42 (A to L) to demonstrate efficient and consistent group wide risk management, or will it apply different weightings across each of the 12 areas?</p> <p>Also 3.44 to 3.61</p>	The group wide risk management of the group should comprise all functions and processes mentioned in the Paper. However, dependent on the structure of the group different weightings may be appropriate.
76.			Confidential comments deleted.	
77.	CEA	3.24.	<p>Responsibility is functionally at the top group level. That should be not mixed with the legal structure of an ultimate parent company. For example, it is not necessary that staff has its employment contracts with the ultimate parent company.</p>	Agree. The solo undertakings responsibility can't be limited according to the Level 1 text and the requirements set in the Level II Advice on the System of Governance.
78.			Confidential comments deleted.	
79.			Confidential comments deleted.	
80.			Confidential comments deleted.	

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81.	CEA	3.30.	See comment on advice 3.56.	Noted.
82.	Deloitte	3.30.	The inference here is that to pass this test, emergency planning and business continuity plans must ensure continuation of key business processes at all times. Further clarity would be helpful on this matter, as invocation of even the most robust of business continuity plans, would invariably have some detrimental impact upon operations, and possibly a period of discontinuation. Also 3.56	A paragraph clarifying this issue is inserted in the Advice.
83.	Deloitte	3.36.	We support CEIOPS's stance regarding the need for awareness programmes amongst group members to both raise internal control and risk awareness, and promote a stronger culture within the group. In practice, we see this as an ongoing, yet challenging requirement, particularly given the geographical and cultural diversity prominent within some groups.	Noted.
84.	Association of British Insurers	3.37.	The organisation of the internal audit function should be left at the discretion of the group.	CEIOPS believes that the Advice provides sufficient flexibility for the organisation of the group internal audit.
85.	CEA	3.37.	The interaction of the internal audit function at group and at solo level is not clear to us, especially how independence will be interpreted. Specific organisation of that function should be left to the groups' discretion.	The requirement to be independent of all operational functions is a crucial factor in order to allow for an objective and unaffected audit of the processes and systems. CEIOPS believes that the Advice provides sufficient flexibility for

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				the organisation of the group internal audit.
86.	KPMG ELLP	3.37.	Where the highest insurance holding company is itself a subsidiary of a non-insurance group, there may be no group internal audit function established at the insurance holding company level. We seek clarification that in such circumstances, it may be possible for the group internal audit role to be outsourced to the higher ultimate parent company.	CEIOPS believes that outsourcing may be possible, if the ultimate parent company demonstrates that the group internal audit has adequate knowledge and expertise as regards the business and internal audit of an insurance group.
87.	CEA	3.38.	Group internal audit should not report "any" finding instead it should focus its reporting on material findings. However, audit reports which documents findings with regard to a audited solo entity should be made available to the entities' management.	Agree. The sentence is amended.
88.	Deloitte	3.38.	<p>a) Does the requirement to be independent of all operational functions on a solo and group level mean the Group Internal Audit function needs to report to the CEO</p> <p>b) It would appear unrealistic for Group Internal Audit to report all findings and recommendations to the management body of the subsidiary as well as the management board of the ultimate parent undertaking and the group. Also 3.58</p>	<p>a) This provision does not mean that all findings only need to be reported to the CEO. The requirement to be independent of all operational functions is a crucial factor in order to allow for an objective and unaffected audit of the processes and systems.</p> <p>b) The respective sentence is amended . Reporting lines should ensure that all management bodies are informed as far as they</p>

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				are affected by the findings.
89.	ACA	3.40.	When mentioning a group compliance function, does the CEIOPS means that the reporting line for compliance activities must be organised intra-group with a direct hierarchical line with the responsible for compliance in the group?	Noted. Organisation of all functions shall be constructed in a way that adherence with requirements is guaranteed.
90.			Confidential comments deleted.	
91.	Association of British Insurers	3.41.	It is not necessarily appropriate to impose a Group Actuarial Function on certain group companies (i.e. group companies who only hold investments in insurance firms). Such infrastructure should be required instead at the level of the insurance firm.	CEIOPS believes that a group actuarial function should be established. The actuarial functions at solo level should be established in line with the solo requirements as laid down in CP 33.
92.	Association of Run-Off Companies	3.41.	We would like clarification on the risks owned by the group actuarial function – is it intended that these include non-insurance risks (e.g. HR risks)?	CEIOPS expects that the group actuarial function tackles group specific risks as far as they are related to technical provisions.
93.	CEA	3.41.	See comment to 3.60.	Noted.
94.	European Insurance CFO Forum	3.41.	The CFO Forum believes that it is not always appropriate for an actuarial function to be established at the group level. In the case where the parent company of a group is a holding company and the subsidiaries have quite diverse business, the actuarial functions may be better situated in the subsidiaries only. If appropriate, one of these actuaries could supply the group risk management function with relevant group analysis and evaluation. The CFO Forum therefore suggests that the correct wording should	A sentence is inserted clarifying that a group actuarial function should exist, but dependent on the structure this function not necessarily has to be established in the ultimate parent undertaking (e.g. holding

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			<p>be that "an actuarial function could be established at group level" rather than "should".</p> <p>The phrase "group specific risks" in the last sentence should be defined as group specific risks relating to technical provisions.</p> <p>Other group risks would more naturally be handled by the group risk management function.</p>	<p>company is the ultimate parent undertaking). Furthermore the specific knowledge, ensuring a well functioning of the functions has to be maintained at Solo level.</p> <p>Agree. The sentence is amended respectively.</p>
95.	KPMG ELLP	3.41.	<p>We agree that in relation to the assessment of group solvency, the group actuarial function needs to assess the suitability of methodologies or models for the calculation of technical provisions. However, there may need to be differences in approaches applied at a solo level where third country (re)insurers are concerned, in order to meet local regulatory requirements.</p>	<p>Agree.</p>
96.	Deloitte	3.42.	<p>When talking about liquidity management one can distinguish market liquidity risk and funding liquidity risk. Although the wording of the CEIOPS text suggests that it refers to funding liquidity, it is not clear. Each type of liquidity risk calls for different risk management measures. This point should be clarified. Also 3.43.</p>	<p>Agree. The paragraph is redrafted in order to distinguish between these two risks and give further clarification.</p>
97.	KPMG ELLP	3.43.	<p>In relation to liquidity, it will also be important to monitor the composition of own funds, identification of ring-fenced funds and any restrictions on transferability and fungibility of own funds.</p>	<p>Agree. Treatment of own funds/ ring fenced funds is dealt with in other papers.</p>
98.	Association of British Insurers	3.44.	<p>The section on group wide risk management 'does not constitute a conclusive level 2 advice'. This fails to ensure legal certainty.</p>	<p>CEIOPS believes that it is advisable to assure a pragmatic and flexible approach within Level</p>

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				II implementing measures and therefore intends to develop more detailed guidance within Level III measures.
99.	CEA	3.44.	Section on group wide risk management 'does not constitute a conclusive level 2 advice'. This fails to ensure legal certainty.	CEIOPS believes that it is advisable to assure a pragmatic and flexible approach within Level II implementing measures and therefore intends to develop more detailed guidance within Level III measures.
100.	CRO Forum	3.44.	This comment applies from §3.44 to 3.61 The CRO Forum strongly supports the concept of effective "Group Wide Risk Management" as defined within this consultation paper, which is considered by most large European groups to be the most effective way of organising their risk management structure. It provides an optimum balance between local expertise and knowledge on one hand and central control and oversight on the other.	Noted.
101.	KPMG ELLP	3.44.	We welcome the approach to ensure consistency regarding the solo and group governance requirements. With respect to the evaluation of governance structures, this implies a common set of standards to be applied equally.	Noted.
102.	Munich Re	3.44.	This comment applies from §3.44 to 3.61 Munich Re strongly supports the concept of effective "Group Wide Risk Management" as defined within this consultation paper, which is considered by most large European groups to be the most	Noted.

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			effective way of organising their risk management structure. It provides an optimum balance between local expertise and knowledge on one hand and central control and oversight on the other.	
103.	RSA Insurance Group	3.44.	This comment applies from §3.44 to 3.61 We support the concept of effective "Group Wide Risk Management" as defined within this consultation paper as it provides an optimum balance between local expertise and knowledge on one hand and central control and oversight on the other.	Noted.
104.	Association of British Insurers	3.45.	'All relevant processes and procedures are implemented coherently and uniformly within the whole group'. The level of consistency might be too far reaching and very difficult to achieve. It might also contradict the way the business is run within the group. Consistency should not mean that certain local entity specificities have to be discarded.	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded.
105.	CEA	3.45.	In this article it is said that "all relevant processes and procedures are implemented coherently and uniformly within the whole group". The level of consistency might be too far reaching and very difficult to achieve. It might also contradict the way the business is run within the group. It is important to understand that "consistent" implementation cannot lead to a situation where group consistency overrules the specific needs of a solo company. For instance if in a non life company and life company the best practice of doing something properly is not consistent, we think its better to do it rightly at company level instead of doing it similarly in the group. We would like the word "uniformly" to be deleted from this paragraph.	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded. The word "uniformly" will be deleted.

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106.	CRO Forum	3.45.	.This requirement of "having processes uniformly implemented within the whole group" may be too stringent, given varying regulatory requirements (eg. EEA vs non-EEA entities) or the size of the entities covered (processes should be proportionate to the scale and nature of risks managed by that entity). We suggest removing the adjective 'uniformly'.	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded. The word "uniformly" will be deleted.
107.	DIMA	3.45.	"All relevant processes and procedures are implemented coherently and uniformly within the whole group." The word "uniformly" could be misunderstood and looks much too strong. There are always specificities from one country to another or from one organization to another which can lead to adaptations of a single principle. We suggest that "comparably" be inserted in the place of "uniformly".	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded. The word "uniformly" will be deleted.
108.	European Insurance CFO Forum	3.45.	The "consistent implementation" of all relevant processes and procedures within the whole group should not override the specific needs of the solo company. Consistent implementation should not lead to a situation where the group requirement for consistency overrules the specific needs of a solo company. For example, if the best practice of carrying out a process or procedure in an appropriate manner is not consistent between a non-life and a life subsidiary, the CFO Forum believes that it is preferable to carry out the task appropriately at the subsidiary level instead of consistently within the group.	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded.
109.	GDV	3.45.	In this article it is said that "all relevant processes and procedures are implemented coherently and uniformly within the whole group". The level of consistency might be too far reaching and very difficult to achieve. It might also contradict the way the business is run within the group. It is important to understand that "consistent" implementation cannot lead to the situation where group consistency overrules the specific needs of a solo company. For	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded. The word "uniformly" will be deleted.

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			instance if in a non life company and life company the best practice of doing something properly is not consistent, we think its better to do it rightly at company level instead of doing it similarly in the group. We would like the word "uniformly" to be deleted from this paragraph.	
110.	Institut des 46ctuaries (France)	3.45.	Materiality and proportionality have to be taken into account when assessing consistency of implementation.	A reference to the proportionality principle is inserted in the Advice.
111.	KPMG ELLP	3.45.	We welcome the definition of a "consistent" approach to implementation of a group wide risk management system, however recommend that the final advice clarifies that "consistent" is not equivalent to "the same," as this will allow some tailoring by subsidiaries to their own risk profile and to assist in embedding, as well as to satisfy the use test (Article 120), where an internal model is adopted.	CEIOPS defines "consistent implementation" by saying that all relevant processes and procedures have to be implemented coherently within the whole group and therefore not have to be "the same". Furthermore, CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded.
112.	RSA Insurance Group	3.45.	Regarding the requirement for the Group to ensure consistency of processes and procedures throughout the whole group: As a global group we aim to ensure that consistent processes and controls are adopted across the Group in a proportionate and cost effective manner reflecting size, scale and complexity. We conduct thorough assessments to ensure that this is so. In addition, some countries in which we operate in manage their business according to different laws and regulation thereby making consistency with Group processes too onerous to ensure effective competition in these markets. Consistency should not mean that certain local entity	CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded.

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			<p>specificities have to be discarded.</p> <p>With regard to the comment that consistency enhances the quality of results: Quality is not always comparable across a global group due to the maturity of some markets (outside the EU). No matter how consistent processes are across a group this will not change until these markets mature.</p>	
113.	Institut des 47ctuaries (France)	3.46.	Same remark. Materiality and proportionality have to be taken into account when assessing consistency of implementation and monitoring.	A reference to the proportionality principle is inserted in the Advice.
114.	KPMG ELLP	3.47.	We agree that risk management should be seen as a continuous process, with this re-evaluated and updated as necessary. We would recommend that there is a statement in the final advice that this should be undertaken at least annually, since this will align with the ORSA requirements.	Agree. The paragraph is amended correspondingly.
115.			Confidential comments deleted.	
116.	Institut des 47ctuaries (France)	3.50.	The risk management function shall rely on appropriate European guidelines on technical, professional and ethical issues.	Noted.
117.	KPMG ELLP	3.50.	We believe this paragraph should include "The ultimate parent undertaking should demonstrate how the group-wide risk management strategy impacts each regulated undertaking included in the scope of group supervision." This will support the general theme of transparency in the Solvency II regime and provide for more considered risk management and oversight.	Agree. The sentence is inserted in the paragraph.
118.	Association of British Insurers	3.52.	'The ultimate parent undertaking should have written policies at group level that ensure that the definition, categorisation and assessment of material risks as well as reporting procedures are harmonised within the group'. This could potentially conflict with the way the business is run within the group as material risks may differ between the group and solo level.	Written policies should ensure that risks generally are defined, categorised and assessed in the same way within the whole group. However, the materiality

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				of the same risk can differ significantly between solo and group level.
119.	CEA	3.52.	The ultimate parent undertaking should have written policies at group level that ensure that the definition, categorisation and assessment of material risks as well as reporting procedures are harmonised within the group'. This could potentially conflict with the way the business is run within the group as material risks may differ between the group and solo level.	Written policies should ensure that risks generally are defined, categorised and assessed in the same way within the whole group. However, the materiality of the same risk can differ significantly between solo and group level.
120.	Munich Re	3.52.	We agree with the statement, but would like to add that in any event local legal requirements would need to be respected by each legal entity.	Noted. See amendments on the issue of local laws (tax, company law e.g.)
121.	DIMA	3.53.	While policies need to be consistent across a group and between subsidiaries in a group, it should be permissible for subsidiaries to implement appropriate processes and procedures to ensure that these policies are implemented. It is not necessary and may not be practical to have consistent processes and procedures across the group.	CEIOPS defines "consistent implementation" by saying that all relevant processes and procedures have to be implemented coherently within the whole group and therefore not have to be "the same". Furthermore, CEIOPS underlines that consistency shall in no way mean that local entity specificities or needs of a solo entity should be ignored or discarded.
122.	KPMG ELLP	3.54.	We believe this statement should be strengthened. For consistency	Agree. The paragraph is amended

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			of application of the group risk management system to be considered effective, the internal reporting structures should be uniform in structure and readily (timely and frequent) available.	correspondingly.
123.	CEA	3.55.	Typing error: "process4"?	Noted.
124.	CEA	3.56.	We believe that avoidance of even a temporary interruption of essential business process is a too strong requirement. We suggest the following amendment: "The main objective of emergency planning is to ensure, that essential business processes are not interrupted in a material manner in the case of ...".	Agree. The paragraph is amended correspondingly.
125.	CRO Forum	3.56.	We feel that the avoidance of even temporary interruptions of business processes is too restrictive and propose to replace this requirement by the formulation propose that ". . . business processes are not interrupted in a material manner in case of . . ."	Agree. See answer to comment 124.
126.	Munich Re	3.56.	We feel that the avoidance of even temporary interruptions of business processes is too restrictive and propose to replace this requirement by the formulation propose that ". . . business processes are not interrupted in a material manner in case of . . ."	Agree. See answer to comment 124.
127.	Institut des actuaires (France)	3.57.	The internal control function shall rely on appropriate European guidelines on professional and ethical issues.	Noted.
128.	ACA	3.58.	There is no mention of an open reporting line to the board of directors. Does the group have the latitude to decide?	Noted.
129.	Institut des actuaires (France)	3.58.	The internal audit function shall rely on appropriate European guidelines on professional and ethical issues. The internal audit associations already publish guidelines.	Noted.
130.	KPMG ELLP	3.58.	With respect to the communication of findings of the internal audit	The reporting of the internal audit

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			function, the local jurisdiction has to be taken into account. we would welcome clear advice being given concerning the responsibilities and reporting chains within the subsidiary and the parent undertaking.	function at solo level has to be in line with the solo requirements as laid down in the Level II Advice to the EC on the System of Governance. The group internal audit should report any material findings and recommendations to the management bodies of the subsidiary and the group (ultimate parent) as far as they are affected by the findings in any way.
131.	ACA	3.59.	There is no mention of an open reporting line to the board of directors. Does the group have the latitude to decide?	Noted.
132.			Confidential comments deleted.	
133.	Institut des actuaires (France)	3.59.	The compliance function shall rely on appropriate European guidelines on professional and ethical issues.	Noted.
134.	Munich Re	3.59.	We note that it is practically impossible that a compliance function (or any other function or person) at group or solo entity level can guarantee compliance with applicable laws and regulatory requirements.	Noted. See the amended para on the compliance function in the paper.
135.	ACA	3.60.	There is no mention of an open reporting line to the board of directors. Does the group have the latitude to decide?	Noted.
136.	Association of British Insurers	3.60.	We do not believe that the group actuarial function will necessarily perform in exactly as the solo actuarial function. It should be noted that group risk management may fall to be managed outside the	Noted. See amended para on the actuarial function.

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			actuarial team.	
137.	CEA	3.60.	<p>In the case where the parent company of a group is a holding company we believe that the actuarial functions are better situated in the subsidiaries if these have quite diverse business. If appropriate, one of these actuaries could supply the group risk management function with relevant group analysis and evaluation. Therefore we suggest that the correct wording should be that "an actuarial function could be established at group level".</p> <p>The last sentence allocates the task of consideration and treatment of group specific risk to the actuarial function. This may not necessarily be the case for all undertakings, they may allocate it to the risk management function. We suggest amending the sentence as follows: "Moreover, the consideration and treatment of group specific risks has to be accounted for by the corresponding group function."</p> <p>In the last sentence of 3.60 it is not stated which exact group specific risks the group actuarial function should account for. We would like to know what is meant by group specific risks.</p>	<p>A sentence is inserted clarifying that a group actuarial function should exist, but dependent on the structure this function not necessarily has to be established in the ultimate parent undertaking (e.g. holding company is the ultimate parent undertaking).</p> <p>CEIOPS expects that the group actuarial function tackles group specific risks as far as they are related to technical provisions. A sentence for further clarification is inserted.</p>
138.	CRO Forum	3.60.	<p>"the consideration and treatment of group specific risks has to be accounted for by the group actuarial function"</p> <p>We would propose to make this a responsibility of the group risk management function. This is in line with the Directive, which makes risk management responsible for the design and implementation of the internal model.</p>	<p>CEIOPS expects that the group actuarial function tackles group specific risks as far as they are related to technical provisions. A sentence for further clarification is inserted.</p>

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139.	European Insurance CFO Forum	3.60.	<p>The phrase "group specific risks" in the last sentence should be defined.</p> <p>The proposed implementing measures do not state the specific responsibilities of the group actuarial function with regard to group specific risks. The CFO Forum believes that the actuarial function should not be responsible for group specific risks such as reputational, liquidity and contagion risk.</p> <p>Comments in 3.41 are also relevant here.</p>	CEIOPS expects that the group actuarial function tackles group specific risks as far as they are related to technical provisions. A sentence for further clarification is inserted.
140.	GDV	3.60.	<p>15. In the case where the parent company of a group is a holding company we believe that the actuarial functions are better situated in the subsidiaries if these have quite diverse business. If appropriate, one of these actuaries could supply the group risk management function with relevant group analysis and evaluation. Therefore we suggest that the correct wording should be that "an actuarial function could be established at group level".</p> <p>The last sentence allocates the task of consideration and treatment of group specific risk to the actuarial function. This may not necessarily be the case for all undertakings, they may allocate it to the risk management function. We suggest amending the sentence as follows: "Moreover, the consideration and treatment of group specific risks has to be accounted for by the corresponding group function."</p>	<p>A sentence is inserted clarifying that a group actuarial function should exist, but dependent on the structure this function not necessarily has to be established in the ultimate parent undertaking (e.g. holding company is the ultimate parent undertaking).</p> <p>CEIOPS expects that the group actuarial function tackles group specific risks as far as they are related to technical provisions. A sentence for further clarification is inserted.</p>
141.	Groupe Consultatif	3.60.	CEIOPS observes 'Moreover, the consideration and treatment of group specific risks has to be accounted for by the group actuarial function.' We do not see why this is attributed to the Actuarial function when in the solo regime the Actuarial function is only to contribute to risk management.	CEIOPS expects that the group actuarial function tackles group specific risks as far as they are related to technical provisions. A

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			Article 33 refers to the actuarial role in assessing adequacy of pricing and reinsurance arrangements. Does CEIOPS see a group dimension to these activities?	sentence for further clarification is inserted.
142.	Institut des actuaires (France)	3.60.	<p>The actuarial function shall rely on appropriate European guidelines on technical, professional and ethical issues. The Groupe consultatif actuariel europeen that the Institut des actuaries supports has started to work on actuarial guidelines.</p> <p>Written internal policies shall also be developed on a group level for the assessment of technical provisions within the Group (methodologies, assumptions, models, etc...)</p>	Agree.
143.	AMICE	3.61.	<p>The group should have in place a framework for the group-wide management of liquidity, taking into consideration especially situations of financial disruption and their impact on group and solo undertakings. This framework shall include clear agreements governing the usage of excess funds, emergency plans, supervision of each participant financial status and regular stress and transferability testing. Additionally, the prudent person principle shall be adhered to in a system of pooling excess liquidity.</p> <p>The pooling excess liquidity is not the only system compliant with the prudent person principle. We suggest not specifying this point.</p>	Agree. The paragraph on liquidity management is revised. Pooling of excess liquidity is now mentioned just as an example.
144.	CEA	3.61.	Ceiops is requested to clarify its requirements with regard to liquidity management. Cash pooling might be common in groups but it is not standard.	The paragraph on liquidity management was revised.
145.	CRO Forum	3.61.	We definitely agree that Management of Liquidity is a major requirement for an effective "Group Wide risk Management". However, we note that the final advice on CP33 states clearly that Liquidity management is one of the areas to be covered by the risk-management system, among which underwriting and reserving,	The paragraph on liquidity management is revised. However, due to the importance of this topic a separate paragraph will be

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			ALM, Investments with focus on commitments and derivatives, liquidity and concentration risk management, operational risk management and reinsurance and other risk management techniques. So this §3.61 should be re-included in §3.50 on the Risk Management Function.	kept in the Advice.
146.	GDV	3.61.	16. CEIOPS is requested to clarify its requirements with regard to liquidity management. Cash pooling might be common in groups but it is not standard.	The paragraph on liquidity management is revised.
147.	GROUPAMA	3.61.	The group should have in place a framework for the group-wide management of liquidity, taking into consideration especially situations of financial disruption and their impact on group and solo undertakings. The framework must include clear agreements governing the usage of excess funds, emergency plans, supervision of each participant's financial status and regular stress and transferability testing. Furthermore, the prudent person principle must be adhered to in a system of pooling excess liquidity. Pooling excess liquidity is not the only system compliant with the prudent person principle. We suggest not specifying this point.	Noted. Wording has been amended.
148.	Groupe Consultatif	3.61.	We do not see that it is necessary that the group should have to meet more requirements than is required for each of its subsidiaries in a solo context if they are each self sufficient.	Noted. Especially in cases of financial disruption this might lead to liquidity being unequally spread in a group. Therefore certain standards have to be adhered to by groups in a system of centralized liquidity management to ensure the stability of the group and the corresponding solo undertakings.
149.	Institut des	3.61.	Liquidity is important but shall not be overstressed for insurance	Noted.

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	actuaire (France)		<p>risks.</p> <p>Insurance risks are not bank risks and supervision emphasize shall differ between these two risks.</p> <p>For considering the management of an insurer, having a regard on the adequacy between asset and liabilities with an effective and efficient ALM system and ALM function and on the asset management system and function is more important than liquidity.</p> <p>We may regret that these two fields are quite ignored by CEIOPS in its governance topics.</p>	
150.	Munich Re	3.61.	<p>We definitely agree that Management of Liquidity is a major requirement for an effective "Group Wide risk Management". However, we note that the final advice on CP33 states clearly that Liquidity management is one of the areas to be covered by the risk-management system, among which underwriting and reserving, ALM, Investments with focus on commitments and derivatives, liquidity and concentration risk management, operational risk management and reinsurance and other risk management techniques. So this §3.61 should be re-included in §3.50 on the Risk Management Function.</p> <p>In addition, while we agree that the framework should permit the identification of the amount of excess funds, it is not necessary that it also includes an agreement governing the usage of free funds.</p>	Noted. ALM was considered an issue, referring mostly to a solo perspective and should be dealt with accordingly.
151.			Confidential comments deleted.	
152.	Association	3.62.	We suggest that CEIOPS confirms that groups with parents in third	Noted. A paragraph on third

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	of British Insurers		countries do not fall under the scope of centralised risk management – as per Art 264(1) first paragraph.	country groups and subsidiaries has been added at 1.15.
153.			Confidential comments deleted.	
154.			Confidential comments deleted.	
155.	Deloitte	3.65.	.	Noted.
156.	Groupe Consultatif	3.65.	We do not think that it should be a requirement that tasks are actually transferred to the parent company, so long as the processes indicated in 3.71 have been implemented	Disagree.
157.			Confidential comments deleted.	
158.	Deloitte	3.67.	Does CEIOPS expect to see efficient systems operating in all 12 of the areas stated between sections 3.68 to 3.79 (A to L) to demonstrate existence of a centralised risk management system, or will it apply different weightings across each of the 12 areas? Also 3.83 to 3.95	We would expect efficient systems to be operating in all 12 of the areas outlined in the paper. Each application will be assessed on a case by case basis as there will clearly be different nuances between groups.
159.	CEA	3.68.	We would understand that in the last sentence “ultimate parent undertaking” is meant and not “parent undertaking”. Therefore we recommend to add “ultimate”.	Noted. The wording has been changed.
160.	Groupe Consultatif	3.68.	See 3.65	See 3.65 for comment.
161.	KPMG ELLP	3.68.	Please refer to comments in relation to paragraph 3.81 below	See 3.81 for comment.
162.			Confidential comments deleted.	
163.			Confidential comments deleted.	

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164.	Association of Run-Off Companies	3.78.	Does this mean that even the smallest subsidiary needs separate "nominated" actuaries – this seems to go against the concept of proportionality. Can these roles be outsourced either within the group or externally?	Noted. The proportionality principle shall be applied to all of the advice in the normal way.
165.	Investment & Life Assurance Group Ltd	3.78.	The CP clarifies that risk management is the responsibility of the solo undertaking when the work has been delegated to the central function. This gives some security to the local policyholders and regulator of the solo undertaking but removes some of the benefits of having centralised functions.	Noted.
166.	KPMG ELLP	3.78.	We support the principles of this proposal. However, we do not believe that this should require local actuaries to be physically based within the subsidiary. Moreover, we believe that the requirements here can be maintained by having a group function staffed with actuaries who have local expertise and knowledge, and who are therefore able to respond to local market conditions	Noted. The text in the revised version has been altered.
167.	CEA	3.79.	We believe that the reference to business continuity disruption is a bit too vague. We suggest to replace in the 2nd sentence " in case of business continuity disruption" with "in case of stressed liquidity".	Noted. CEIOPS' points out that procedures have to be developed to manage liquidity in a range of stressed circumstances and not simply when liquidity itself is stressed.
168.	CRO Forum	3.80.	This comment applies from §3.80 to 3.95 We understand the rationale to define these very restrictive criteria, as it relies on the concept that risk management processes and internal control mechanisms of the parent undertaking cover the subsidiary. We believe that only few groups can currently be recognized to	Noted. Applying for CRM constitutes an option for the undertaking not a requirement.

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			<p>have "Centralized Risk Management" implemented entirely. This concept may currently only apply for part of non-significant subsidiaries:</p> <ul style="list-style-type: none"> - Groups that have by structure high level of delegated autonomy for governance, risk management, business processes and IT-system infrastructure to business units are very unlikely to be allowed to adopt a centralised risk management approach. - Potential eligible operating subsidiaries of a Group, particularly if they are likely to be material to the local market, may find the college of supervisors more reluctant to operate effectively (ORSA not conducted by local teams, no specific SFCR), potentially resulting in delays in the supervisory approval process of the group and its subsidiaries' applications. 	
169.	Institut des actuaires (France)	3.80.	<p>Two kinds of subsidiaries shall be considered: bigger subsidiaries without centralization of risk management and smaller subsidiaries with centralized risk management. Centralization may apply to only part of the subsidiaries.</p> <p>The question of 3rd countries or non insurance subsidiaries has also to be taken into account.</p> <p>The centralization may occur for one function such as Risk management but may be not necessary for another function such as the actuarial function (for example).</p>	Noted. Now considered under paragraph 1.15.
170.	Munich Re	3.80.	<p>This comment applies from §3.80 to 3.95</p> <p>We understand the rationale to define these very restrictive criteria, as it relies on the concept that risk management processes and</p>	Noted. Applying for CRM constitutes an option for the undertaking not a requirement.

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			<p>internal control mechanisms of the parent undertaking cover the subsidiary.</p> <p>We believe that only few groups can currently be recognized to have "Centralized Risk Management" implemented entirely. This concept may currently only apply for part of non-significant subsidiaries:</p> <ul style="list-style-type: none"> - Groups that have by structure high level of delegated autonomy for governance, risk management, business processes and IT-system infrastructure to business units are very unlikely to be allowed to adopt a centralised risk management approach. - Potential eligible operating subsidiaries of a Group, particularly if they are likely to be material to the local market, may find the college of supervisors more reluctant to operate effectively (ORSA not conducted by local teams, no specific SFCR), potentially resulting in delays in the supervisory approval process of the group and its subsidiaries' applications. 	
171.	AMICE	3.81.	AMICE members believe that the level of transfer of material tasks in relation with risk management and internal control should be specified.	Disagree.
172.	Association of British Insurers	3.81.	We are concerned that the substantial transfer of material tasks in relation to risk management and internal control from the subsidiary to the ultimate parent undertaking might not be achievable in practice. Flexibility should be allowed for when implementing such a requirement.	Noted. As indicated in 171, CEIOPS has not provided prescriptive detail in relation to the transfer of material tasks.
173.	CEA	3.81.	Reference is made to paragraph 1.4 regarding responsibilities. Reference to paragraph 1.6 seems more suitable.	Noted.
174.	GROUPAMA	3.81.	Level to transfer of material tasks in relation to risk management	Disagree.

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			and internal control should be specified.	
175.	Groupe Consultatif	3.81.	CEIOPS refers to ‘...this explicitly does not mean, that any kind of responsibility is removed from the subsidiary.’ We think this too sweeping and contrary to the regime outlined in other sections. We suggest that CEIOPS clarifies that responsibility for a lot of the detail is taken by the group but that the solo entity managing body remains responsible for being satisfied that risk management in respect of that entity is being conducted soundly. Also see 3.114	Noted. No matter what system is adopted, responsibility for sound risk management lies with the subsidiary, even where tasks have been outsourced elsewhere.
176.	KPMG ELLP	3.81.	Whilst we would agree with the view that the transfer of material tasks in relation to risk management and internal control would satisfy the opening sentence of Article 234, point b, it does not address the requirement for the ultimate parent undertaking to satisfy the supervisory authorities of its prudent management of each subsidiary. We therefore recommend clarification of this advice with more specificity. For example, CEIOPS should make it clear whether, under centralised risk management, para 3.68 implies all risk activities can be transferred from subsidiary to parent, thus removing risk oversight of the risk function as a responsibility of the subsidiary, or whether it is intended that a ‘rump’ of activities remain at subsidiary level, albeit with a reliance on group functions to perform tasks previously undertaken at subsidiary level	Noted. See resolution to comment 175.
177.	RSA Insurance Group	3.81.	It is impractical to require subsidiaries to delegate the day to day management of risk to a parent undertaking. The local subsidiaries understand the local market and therefore the local risks better than a parent company. Further guidance is needed on how this will work in practice. Is it appropriate for ‘an ultimate parent undertaking employee’ to be based in the local country to manage risk better under a “centralised risk management” framework?	Noted. This question should be considered
178.			Confidential comments deleted.	

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179.	CEA	3.82.	<p>We believe that transitional arrangements should be allowed in case of M&A.</p> <p>We suggest including as 3rd sentence: "As a special case supervisors may define transitional arrangements in case of the acquisition of new companies ensuring that centralised risk management will continue to be recognised under the new organisational setup."</p> <p>These transitional arrangements should also be applicable for group wide risk management.</p>	Noted. Transitional arrangements are not required as the whole group does not need to adopt centralised risk management. Paragraph 1.16 highlights this in the revised version.
180.	CRO Forum	3.82.	<p>In line with our proposal to allow for a flexible application of the requirements for "Centralised risk management" that there should be an allowance for transitional arrangements, eg in case of acquisitions or mergers. This can be reflected by adding "The Group supervisor may define transitional arrangements in case of acquisitions."</p>	Noted. See resolution to comment 179.
181.	GDV	3.82.	<p>We believe that transitional arrangements should be allowed in case of M&A.</p> <p>We suggest including as 3rd sentence: "As a special case supervisors may define transitional arrangements in case of the acquisition of new companies ensuring that centralised risk management will continue to be recognised under the new organisational setup."</p> <p>These transitional arrangements should also be applicable for group wide risk management.</p>	Noted. See resolution to comment 179.
182.	KPMG ELLP	3.82.	<p>Procedures need to be in pace to ensure the alignment with the so</p>	Noted.

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			called "ad hoc" reporting in accordance with CP 58 requirements. No additional reporting requirements should be necessary.	
183.	Munich Re	3.82.	<p>In line with our proposal to allow for a flexible application of the requirements for "Centralised risk management" that there should be an allowance for transitional arrangements, eg in case of acquisitions or mergers. This can be reflected by adding "The Group supervisor may define transitional arrangements in case of acquisitions."</p> <p>In addition, we believe that it is sufficient if significant changes are reported to the group supervisor (instead of all supervisors) and that the group supervisor then shares the information with the relevant competent supervisor. In any event, multiple reporting requirements of the same information are to be avoided.</p>	Noted. See resolution to comment 179.
184.			Confidential comments deleted.	
185.	PricewaterhouseCoopers LLP	3.85.	<p>This statement appears to contradict the contention that responsibility for risk management at the solo level remains the responsibility of the solo entity (and that only risk management tasks are transferred to the parent). In effect, responsibility for the development of the risk management strategy is often a legal obligation of the Board (at both parent and subsidiary level).</p> <p>CEIOPS' advice on centralised risk management needs to reflect this fact. In order to develop any centralised approach to, or systems for, risk management, a thorough assessment of the impact on the risk management capabilities at the subsidiary level would need to be undertaken. Also, a centralised approach would need to be premised, as indicated, the basis of sound group-wide risk management and therefore the requirements in terms of centralised risk management need to be supplemental to this. This is not clear in this paragraph.</p> <p>A similar comment can be made in respect of paras 3.86 to 3.95</p>	Noted. No matter what system is adopted, responsibility for sound risk management lies with the subsidiary, even where tasks have been outsourced elsewhere.

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			below.	
186.	KPMG ELLP	3.87.	We recommend that that should be a documented group-wide process and procedure to enable management of solo undertakings to request changes/refinements to the risk management system, to ensure risks are appropriately considered and monitored by the management body of the solo undertaking.	Noted. See resolution to comment 185
187.	CRO Forum	3.88.	We suggest to explicitly mention that Groups with "centralised risk management" have according to L1 234 the option to provide a single SFCR covering all solo entities. This can be reflected by adding the sentence "The ultimate parent undertaking may prepare a single SFCR for the group and its subsidiaries."	Noted. Wording has been included in 1.12 highlighting that Groups that wish to provide a single SFCR covering all solo entities can do so independent of the permission to be subject to the supervisory regime pursuant to Articles 238 and 239 (centralised risk management).
188.	Munich Re	3.88.	We suggest to explicitly mention that Groups with "centralised risk management" have according to L1 234 the option to provide a single SFCR covering all solo entities. This can be reflected by adding the sentence "The ultimate parent undertaking may prepare a single SFCR for the group and its subsidiaries."	Noted. See resolution to comment 187.
189.	RSA Insurance Group	3.88.	We support the CRO Forum's suggestion to explicitly mention that Groups with "centralised risk management" have according to L1 234 the option to provide a single SFCR covering all solo entities. This can be reflected by adding the sentence "The ultimate parent undertaking may prepare a single SFCR for the group and its subsidiaries."	Noted. See resolution to comment 187.
190.	DIMA	3.93.	"Each subsidiary should nominate a person, who is in charge of the relations with the group compliance function". The organisation of	Noted. The wording has been changed in the revised version.

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			each group and subsidiaries should be left to the undertaking. It would be better to rephrase the sentence: "Each subsidiary should have a compliance function which is responsible for relations with the group compliance function".	
191.	KPMG ELLP	3.93.	It is not understood why the compliance function should be specifically highlighted as requiring an individual within a subsidiary to be responsible for being in charge of relations with the group compliance function. It would be expected that there would be an individual responsible for relations with most group functions within a subsidiary.	Noted. The wording has been changed in the revised version.
192.	Groupe Consultatif	3.94.	We agree that a centralised actuarial function can deliver appropriate actuarial assessment of the solo entities. Adequate knowledge of local conditions is required but this can be achieved through either local staffing or central staff.	Noted. Text was amended accordingly
193.	CRO Forum	3.95.	We propose to enhance clarity regarding the management of liquidity: "The framework has to provide for clear procedures in case of stressed liquidity situations on the level of the subsidiary."	Noted. CEIOPS' points out that procedures have to be developed to manage liquidity in a range of stressed circumstances and not simply when liquidity itself is stressed.
194.	KPMG ELLP	3.95.	We believe that the ultimate parent undertaking should also be required to evidence how each regulated undertaking within the scope of group supervision, where the centralised risk management approach has been adopted, is impacted by the Group's liquidity risk contingency plan. In our view, this would only be achieved if the Group's liquidity risk contingency plan has adequate granularity.	Noted. Text was amended.
195.	Munich Re	3.95.	We propose to enhance clarity regarding the management of liquidity: "The framework has to provide for clear procedures in	Noted. CEIOPS' points out that procedures have to be developed

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			case of stressed liquidity situations on the level of the subsidiary.”	to manage liquidity in a range of stressed circumstances and not simply when liquidity itself is stressed.
196.	DIMA	3.96.	CEIOPS says that there exists a wide range of instruments to achieve centralized risk management and provides two examples: outsourcing and domination arrangement. Then it says, “all approaches regarding the application of article 236 (determination of the SCR for subsidiaries of Groups) and 238 are assessed on a case by case basis...”. But does it mean that the centralization of risk management has to be formalized somehow (with a legal form)? The aim of the sub-section 3.4 looks unclear.	Noted. Subsection 3.4 has been revised. Examples provided are not intended to be exhaustive
197.	Groupe Consultatif	3.96.	While CEIOPS is right to allow for case specifics some work will be required to ensure that consistent standards are applied in the case by case assessment.	This CP shall provide for a framework and criteria for assessing group wide risk management and centralised risk management. A case by case decision refers to the heterogeneity of structures and systems that groups have in place and shall not raise the discretion of group supervisors in assessing CRM.
198.	Deloitte	3.97.	We support CEIOPS’ view in that outsourcing of a subsidiary’s risk management function does not abrogate it of its overriding responsibilities in relation to the transferred functions and/or activities, even if these are outsourced to the Parent or another group company. However, we recognise that in practice, subsidiaries may find it challenging to maintain a feeling of responsibility for tasks that have been transferred to other entities	Noted.

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			within the group. Also 3.107	
199.	Association of Run-Off Companies	3.98.	CP33 implies that any company can be retained under an outsource agreement, whereas 3.98 refers only to group companies. Again, this seems disproportionate for very small run-off subsidiaries.	Noted. The proportionality principle shall apply in the usual way.
200.	Deloitte	3.98.	We support CEIOPS view that the task of risk management can be outsourced to another service provider within the group and that this does not necessarily need to be the parent undertaking Also 3.108	Noted.
201.	IUA	3.98.	We are supportive of this paragraph. A number of insurance companies operate "service companies" which will form part of the group. It is important that such structures are allowed to continue (subject of course to the necessary conditions being met).	Noted.
202.	KPMG ELLP	3.98.	We welcome the comment that risk management can be outsourced within the group, subject to meeting all conditions required to demonstrate Solvency II compliance in this area	Noted.
203.	Deloitte	3.100.	In relation to 3.100. c. What 'intervention rights' does CEIOPS expect to see to satisfactorily demonstrate that a subsidiary could avoid decisions that may have a negative impact upon its policy holders, solvency and / or financial position? Also 3.109.c	Noted.
204.	IUA	3.100.	Paragraph c - we would anticipate that such a provision would not affect the intra-group fungibility of capital during the normal course of business (i.e. when the undertakings are not subject to stress)	Noted.

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205.	KPMG ELLP	3.100.	We support the additional clarification in this area and concur with the need for intervention by subsidiaries to prevent negative impacts on its policyholders or its solvency position.	Noted.
206.	AMICE	3.102.	<p>CEIOPS mentions that the level 1 text does not foresee any special group arrangements. One example of group arrangements that are used in some jurisdictions are domination agreements.</p> <p>(We actually wonder whether an example like this one would eventually have its place in the Commission’s level 2 measure and therefore question whether it is appropriate to include such an example – and, in particular only one such example – in the blue box of the advice.)</p> <p>However, we should return to the definition of groups as contained in Article 212 (new numeration) of the Level 1 text. This article recognises the existence of groups based on the establishment, contractually or of another type, of strong financial relationships provided that one of those undertakings effectively exercises, through centralised coordination, a dominant influence over the decisions of the other undertakings that are part of the group.</p> <p>CEIOPS’ explanation of domination agreements (as they exist in some MSt) included in this paragraph does not necessarily apply to the structure of mutual groups in, e.g. France (SGAMs). In the case of SGAMs, there is not necessarily an agreed domination and, when exists, it is responsibility of the SGAM itself and not of one of its members. It would be appropriate if CEIOPS would include comments about the characteristics and treatments of forms of French SGAMs (and potentially other forms of agreements between mutuals) in its analysis contained in the white part of its advice.</p>	Noted. The examples have now been removed from the blue box and appear just in the white text.

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			CEIOPS is therefore asked to recognise that other forms of agreements including aspects of "domination" exist (which is verbally recognised on level 1) and that the "power to dominate" may be assigned either to a member company of the (vertical) group or – e.g. in a horizontal structure – to a member of the group responsible for centralising the management and control of risks taken by all members.	
207.	CEA	3.103.	The first sentence should be modified: "If groups are organised stringently via domination agreements (including transfer of profit/loss agreements), material tasks "may be transferred" from the subsidiary to the parent undertaking."	The example of domination agreement was removed from the blue box.
208.	GDV	3.103.	The first sentence should be modified: "If groups are organised stringently via domination agreements (including transfer of profit/loss agreements), material tasks "may be transferred" from the subsidiary to the parent undertaking."	The example of domination agreement was removed from the blue box.
209.			Confidential comments deleted.	
210.	CRO Forum	3.107.	This comment applies from §3.107 to 3.115 In terms of organization, the CP suggests that Centralized risk management can either be achieved by internal outsourcing (we suggest to use the wording internal outsourcing instead of only outsourcing as currently written in the CP) or by group arrangements. For internal outsourcing, as written in the final advice on System of Governance (previous CP33), some of the requirements may be applied more flexibly than for	Noted. Domination Agreements just constitute one example of organisation and therefore was excluded from the blue box.

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			<p>standard outsourcing. In particular the written agreement could assume the form of a service level agreement.</p> <p>The scope of group arrangement is quite unclear and seems to cover only the so-called Dominant agreement that exists in Germany. Such agreement could not/ very hardly be transposed in any other jurisdictions. We propose not to mention one very specific mechanism as an example and instead keep it rather open as the intention of what should be achieved gets quite clear.</p>	
211.	Munich Re	3.107.	<p>This comment applies from §3.107 to 3.115</p> <p>In terms of organization, the CP suggests that Centralized risk management can either be achieved by internal outsourcing or by group arrangements. The scope of group arrangement is quite unclear and seem to cover only the so-called Dominant agreement that exists in Germany. Such agreement could not/ very hardly be transposed in any other jurisdictions. We propose not to mention one very specific mechanism as an example and instead keep it rather open as the intention of what should be achieved gets quite clear.</p>	Noted. Domination Agreements just constitute one example of organisation and therefore was excluded from the blue box.
212.	PricewaterhouseCoopers LLP	3.107.	Further consideration could probably be useful on the differences between 'insourcing' and 'outsourcing'.	Noted.
213.	CEA	3.111.	<p>In our opinion further clarification is needed on the definition of "group arrangements" and "domination agreements". Alternatively the advice can be deleted or shortened.</p> <p>We would also like to know whether there are any other</p>	Noted. Domination Agreements just constitute one example of organisation and therefore was excluded from the blue box

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			arrangements that might be relevant?	
214.	GDV	3.111.	In our opinion further clarification is needed on the definition of "group arrangements" and "domination agreements". Alternatively the advice can be deleted or shortened.	Noted. Domination Agreements just constitute one example of organisation and therefore was excluded from the blue box.
215.	PricewaterhouseCoopers LLP	3.111.	Paras 3.111 to 3.115 should not be included in the Advice (and Level 2 implementing measures) but remain part of the explanatory text.	Noted. Domination Agreements just constitute one example of organisation and therefore was excluded from the blue box
216.	CEA	3.112.	There should be no obligation to apply for the supervisory regime according Article 234 because of domination agreements. The level 1 text does not oblige to apply Article 234.	Noted. Applying for Centralized Risk management is just an option according to the Level 1 text and lies within the discretion of the undertaking/group to do so.
217.	GDV	3.112.	There should be no obligation to apply for the supervisory regime according Article 234 because of domination agreements. The level 1 text does not oblige to apply Article 234.	Noted. Applying for Centralized Risk management is just an option according to the Level 1 text and lies within the discretion of the undertaking/group to do so.
218.	Groupe Consultatif	3.114.	See 3.81	Noted.
219.	KPMG ELLP	3.118.	We agree that transparency of decision making is a key issue to demonstrate, at solo level, that local policyholders continue to be protected	Thank you for your comment. In deed our main focus is to protect

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				the local policyholders at solo and at group level and to increase information sharing.
220.	Just Retirement Limited	3.122.	<p>This response applies to 3.122 to 3.131.</p> <p>We realise that this section sets out implementing measures for Article 237 – application for permission, subject to Articles 238 and 239. As a consequence these implementing measures consider a college of supervisors to review the application. These articles and this CP are clearly relevant for groups which have undertakings in more than one member state.</p> <p>However, the Directive and CP do not consider those firms which are groups but where all the undertakings within the group are domiciled within one member state. In this instance there will only be one supervisory authority and a college of supervisors will not be necessary. Further guidance is therefore required in order to capture and fully explain the process for this category of groups (i.e. groups where all subsidiaries are domiciled in a single member state) in reality this type of group is probably more numerous than those groups with undertakings domiciled in more than one member state.</p>	<p>Thank you for your comment. In your case, there is still a group supervisor and a solo supervisor. For the process itself it will be much easier to communicate in this case, but the process itself will stay the same. It does not matter, that some tasks have to be fulfilled by the same authority in this case. We do also think, that the responsible authority may be the same, but not the people supervising the group and the solo subsidiaries. Please refer also to</p>

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				Article 247(2) of the Directive.
221.	Lloyd's	3.122.	It is unclear how the application process and supervisory colleges process will be applied where a subsidiary undertaking has outsourced its risk management to either its parent undertaking or another group entity that are based outside the EU and not subject to Solvency II rules. Further guidance is requested in this regard. It is assumed that the solo undertaking must provide enough evidence and documentation that demonstrates that it is meeting its responsibilities with regard to effective risk management, whether or not aspects of this have been outsourced.	Thank you for your comment Please refer to the newly clarifications introduced into the consultation paper regarding equivalence and furthermore refer to the relevant consultation papers regarding equivalence and colleges.
222.	DIMA	3.123.	"CEIOPS expects the solo supervisor to inform the group supervisor promptly after having received all relevant data." How long is "promptly"? An indication of an acceptable timeframe should be mentioned here. By contrast, the second paragraph of Article 235(1) of the Level 1 text says: "An application as referred to in the first subparagraph shall be submitted only to the supervisory authority having authorized the subsidiary. The supervisor shall inform and forward the complete application to the other supervisory authorities within the college without delay."	Thank you for your comment. Regarding time frame, this depends a lot on the specificities of an application and therefore "promptly" was considered a suitable wording, giving an idea of as fast as possible.
223.	XL Capital Ltd	3.123.	It would be helpful for this section to cover the scenarios where parent undertaking and ultimate parent undertakings are within or without the EEA.	Thank you for your comment Please refer to the newly clarifications introduced into the consultation paper regarding equivalence and furthermore refer to the relevant consultation papers regarding equivalence and colleges.
224.			Confidential comments deleted.	

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225.	DIMA	3.126.	This section states: "Upon receipt of all applications plus all relevant information the group supervisor will discuss the application within the college...". There is no indication of what is regarded as "relevant information", and clarity on this is requested.	Thank you for your comment. . Please refer to the newly added section of the paper regarding the application process and the content of application
226.	KPMG ELLP	3.126.	We recommend that a reference to Annex 2 is included.	Thank you for your comment. Annex 2 is mentioned in the Content. Therefore no additional link was added.
227.	CRO Forum	3.130.	We propose to eliminate the reference to the need of identifying any possible sources of systemic risk. On the one hand side there is no agreement on how systemic risk for insurers can and should be defined. And on the other hand, the lack of clear definition bears the risk of having a multitude of definitions being applied by Group supervisors creating the potential to jeopardise the idea of a level playing field.	Thank you for your comment. For a better understanding a footnote as Memorandum of Understanding on cross border financial stability, clarifying
228.	Munich Re	3.130.	We propose to eliminate the reference to the need of identifying any possible sources of systemic risk. On the one hand side there is no agreement on how systemic risk for insurers can and should be defined. And on the other hand, the lack of clear definition bears the risk of having a multitude of definitions being applied by Group supervisors creating the potential to jeopardise the idea of a level playing field.	Thank you for your comment. For a better understanding a footnote to the Memorandum of Understanding on cross border financial stability, clarifying
229.			Confidential comments deleted.	
230.	Association of British Insurers	3.132.	This does not seem to be a very straight forward process. It is unclear to us why the group would need to submit the application for its subsidiary to the solo supervisor who would then in turn inform the group supervisor. Where the centralised risk management covers several subsidiaries, it would seem more natural for the group to submit the application to the group	Thank you for your comment. This cooperation process is stipulated in the level 1 text and therefore no deviation is possible

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			supervisor who would then liaise with the relevant solo supervisors, especially as para 3.134 specifies that the applications shall be consistent and comparable and para 3.135 requires the group to also submit a comprehensive overview of all the applications.	
231.	CEA	3.132.	This advice in the "blue box" refers to explanatory text in an earlier consultation paper (outside a "blue box"). Paragraph 1.10 of CP66 addresses that all text outside the blue boxes is not part of the advice. Therefore in our opinion references should be restricted to text in blue boxes.	Thank you for your comment. Generally the blue box present a summary of the conclusions reached by CEIOPS members. Therefore also the white text is considered to be part of the advice.
232.	RBS Insurance	3.132.	This process seems to be unnecessarily complex and we believe that it would be more straightforward and practical if the group submits the application to the group supervisor. The group supervisor should then liaise with the relevant solo supervisors.	Thank you for your comment. This cooperation process is stipulated in the level 1 text and therefore no deviation is possible
233.	RSA Insurance Group	3.132.	A more effective process would be to have the Group coordinate the application and submit the entire application to the Group supervisor, who then informs the solo supervisors and discusses through Supervisory Colleges and other fora before approving or not.	Thank you for your comment. This cooperation process is stipulated in the level 1 text and therefore no deviation is possible
234.	CEA	3.133.	We understand that Level 1 text requires that the application is submitted to the solo supervisor who informs the group supervisor. We would ask that Ceiops includes in its advice the proposed timelines for decision as it is important that decisions are taken promptly.	Thank you for your comment. Clarification was added
235.	Investment & Life Assurance Group Ltd	3.134.	The requirement that the application is in a consistent form this may be difficult when there is such a range of regulators to deal with.	Thank you for your comment.

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236.	CRO Forum	3.135.	We propose that the summary of applications mentioned should be sent to the lead supervisor in charge for coordinating the College of Supervisors. Thus 3.125 should be extended in the following way: "Nevertheless CEIOPS expects the parent undertaking to submit a comprehensive overview of all applications of the undertakings it chooses to subject under regulations of article 236 and 238 to the Group supervisor."	Thank you for your comment. Additional Guidance was added.
237.	Munich Re	3.135.	We propose that the summary of applications mentioned should be sent to the lead supervisor in charge for coordinating the College of Supervisors. Thus 3.125 should be extended in the following way: "Nevertheless CEIOPS expects the parent undertaking to submit a comprehensive overview of all applications of the undertakings it chooses to subject under regulations of article 236 and 238 to the Group supervisor."	Thank you for your comment. Additional Guidance was added.
238.	CRO Forum	3.136.	In case of diverging views among the college after the 3 months period, it should be precised that CEIOPS has a role to play and in last resort the Group supervisor has the final say (cf. Annex 2).	Thank you for your comment. The exact process derives directly from the level 1 Text and is visualised also in the Annex 2.
239.	Investment & Life Assurance Group Ltd	3.136.	It is a concern that if the supervisors cannot agree then capital add-on's may be imposed.	Thank you for your comment. The decision process is clearly stated, and if there is no agreement, the group supervisor will decide. Each solo supervisor has the right to request consultation in case of diverging views. We also refer to the directive text and the consultation papers concerning the capital add-ons, where the situations which may lead to a

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				capital add-on are clearly stated.
240.	KPMG ELLP	3.136.	2. We recommend that the final sentence of paragraph 3.126 is included here.	Thank you for your comment. The cooperation process is already stipulated in the level 1 text and therefore applies like stated.
241.	Munich Re	3.136.	In case of diverging views among the college after the 3 months period, it should be precised that CEIOPS has a role to play and in last resort the Group supervisor has the final say (cf. Annex 2).	Thank you for your comment. The cooperation process is already stipulated in the level 1 text and therefore applies like stated.
242.	Groupe Consultatif	3.137.	It would be interesting to know how colleges will operate in relation to 3rd country subsidiaries and 3rd country parents	Thank you for your comment. Please refer to the consultation papers regarding Equivalence and Colleges.
243.	KPMG ELLP	3.137.	The increased sharing of information and the development of a broader understanding among supervisors, of a group's business and subsequent risks, is welcomed. This is a fundamental aspect to the continued stability of the industry and can become a catalyst for future evolution of products and services in conjunction with supervisory bodies.	Thank you for your comment. In deed our main focus is to protect the local policyholders at solo and at group level and to increase information sharing.
244.	CEA	3.140.	In our opinion information regarding significant problems should be in two directions: the group supervisor should also inform the local supervisor as soon as possible.	Noted.
245.	Association of Run-Off Companies	Annex	We would include a comparison of Board responsibilities.	Noted.
246.	CIGNA insurance	Annex	The annex 1 seems to compare the default approach (consistent group wide risk management) to the centralized risk management.	Thank you for your comment. Yes, Annex 1 compared the

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	life company		<p>It appears that the default approach requires a consistent risk management system (risk management, compliance, internal audit, ORSA...) until the ultimate company. This requirement is totally disproportionate to the relative size of European activities of CIGNA Corporation. CIGNA Corporation operates in various countries with very different supervisory and regulatory environments. Consequently, in practice we are concerned about the applicability of these requirements to Corporations based out of the EEA. Once again we would suggest having a clear limit of these requirements at the EEA level (Sub group defined at EEA level) or to the immediate parent company if it is out of EEA. Practically speaking, how the supervisor based in Europe will check that these requirements are met all around the world, while the insurance companies based in Europe are relatively small.</p> <p>In addition, between the European companies and the ultimate parent company, some intermediate holding companies (insurance companies or not) could be located in various countries. This kind of configuration is an additional factor of complexity to consider to test the applicability of the requirements described in this consultation paper.</p> <p>From a risk management perspective and with the aim of protecting the European policyholders, belonging to a large Corporation should be considered through a specific lens: the contagion risk, reputational risk... (see the CP60). This approach would much more efficient (better balance cost / effectiveness) because it would be really focused on the solvency of the European activities and achievable targets.</p>	<p>default approach (consistent group wide risk management) with the centralized risk management, where the company has to apply for. In general, the process described in the CP66 concerning the application for a centralized risk management shall be the same, especially if "outside the EEA" refers to equivalent regimes. If the regime outside the EEA is recognized as not equivalent, it may happen, that the delegation will not be allowed. Please refer also to the consultation papers regarding equivalence and colleges. But we will go through the process again and reword parts of the articles to avoid any inconsistency in the process of application.</p>
247.	Lloyd's	Annex	We agree with the comparison of requirements between consistent group wide risk management and centralised risk management.	Noted.
248.	CEA	Annex	We suggest that Annex 2 is revised in line with our comment on 3.133.	Noted.

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249.	CRO Forum	Annex	We propose to add an arrow from "Application according to article 234(d) by parent undertaking" to "Group supervisor" which should be labelled "Summary of applications".	Noted.
250.	Munich Re	Annex	We propose to add an arrow from "Application according to article 234(d) by parent undertaking" to "Group supervisor" which should be labelled "Summary of applications".	Noted.