

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

CEIOPS would like to thank ACORD, Association of British Insurers, Association of Run-Off Companies, CEA, CRO Forum, DENMARK: Codan Forsikring A/S (10529638), ECIROA, European Insurance CFO Forum, European Union member firms of Deloitte Touche To, Federation of European Accountants (FEE), FERMA (Federation of European Risk Management Asso, FFSA, German Insurance Association, GROUPAMA, Groupe Consultatif, International Underwriting Association of London, Lloyd's, Lucida plc, Milliman, Munich RE, PEARL GROUP LIMITED, PricewaterhouseCoopers LLP, RBS Insurance, ROAM, SOGECORE, and XL Capital Ltd

The numbering of the paragraphs refers to Consultation Paper No. 43 (CEIOPS-CP-43/09)

No.	Name	Reference	Comment	Resolution
1.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	General Comment	<p>We are concerned that small countries do not have the possibility to gather enough information on some statistical events.</p> <p>In case of lack of information (such as for instance disability rates) these information should be gathered on the market for example when the portfolio is too small to allow for the establishment of reliable data.</p> <p>Lack of information could be compensated by higher prices and therefore by higher BE.</p> <p>We are also concerned by the costs of development of data processes that are finally useless for management purposes. Internal processes on the identification, collection and processing should remain reasonable following the principle of proportionality. Security can be attained by prudential BE.</p>	<p>Noted.</p> <p>The issues of data deficiencies and application of the principle of proportionality are addressed in the paper.</p>
2.	ACORD	General Comment	<p>ACORD is a not-for-profit, data standards setting organization for the insurance industry. ACORD takes no position on the information which CEIOPS wished to have reported under Solvency II but ACORD would like to offer its expertise to work with CEIOPS and the European insurance industry on the development of voluntary data standards and processes which will assist in the implementation of the data reporting envisioned by CEIOPS and the</p>	<p>Noted.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			European Commission. As CP 43 intends to set out guidance for a consistent approach to data quality issues across Pillar 1 – and not only related to the calculation of technical provisions – ACORD decided to provide comprehensive feedback, assisted by some European ACORD member companies.	
3.	Association of British Insurers	General Comment	<p>1. With respect to data quality standards, it is important to take into consideration current accounting records to ensure consistency between accounting standards and Solvency II. It is our view that Solvency II standards should not be higher than accounting.</p> <p>This consultation paper should not be seen as overruling the section of CP 56 dealing with the same issues for undertakings using an internal model.</p> <p>We are concerned that this paper might be determining mandatory (best practice) standards. Further consideration should be given to the practical challenges insurers face in this area. More allowance needs to be made for the proportionality principle in judging the quality of data and for the practical difficulties insurers face.</p>	<p>Noted.</p> <p>We agree that consistency is desirable, but we note that the objectives may not be the same.</p> <p>Both CP43 and CP56 already include appropriate cross-references to ensure consistency.</p> <p>The issue of application of the principle of proportionality is addressed in the paper.</p>
4.	Association of Run-Off Companies	General Comment	Run-off companies often face issues with data legacy systems. Certainly for smaller entities, the instruction to remedy data deficiencies issues immediately may be unrealistic.	<p>Noted.</p> <p>The relevant paragraph has been rephrased to soften the requirement.</p>
5.			Confidential comment deleted.	
6.	CEA, ECO-SLV-09-438	General Comment	<p>Introductory remarks: The CEA welcomes the opportunity to comment on the Consultation Paper (CP) No. 43 on TP Standards for Data Quality.</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</p>	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>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>The CEA agrees that having good quality data is an essential prerequisite to calculating appropriate technical provisions.</p> <p>There is appropriate advice at the relevant level of detail in this paper, however, it does not take into account the practical challenges faced by undertakings, with regards to data. The paper tends to approach data issues from an 'ideal' perspective.</p> <p>The CEA emphasis that more allowance needs to be made for the proportionality principle in judging the quality of data and for the practical difficulties insurers face.</p> <p>Further, supervisory standards should not be more restrictive but in line with accounting standards, where they exist in respect of the quality of data.</p>	<p>CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.</p> <p>We agree that consistency is desirable, but we note that the objectives may not be the same.</p>
7.	CRO Forum	General Comment	<ol style="list-style-type: none"> 1. 43.A Data quality alignment desirable for all purposes (priority: high) 2. The CRO Forum recommends that the quality of data required for technical provisions should be aligned with the quality of data required for the calculations of the SCR/MCR, as outlined in advice on internal models, and the ORSA. 3. 43.B Reconciliation important part of process (priority: medium) 	<p>Noted.</p> <p>CEIOPS has taken an overall consistent view when drafting the relevant advices, and adequate cross-references are found between the papers. Still there are specificities of each situation that justify a more granular discussion.</p> <p>We understood reconciliation as the process of making the data consistent or compatible. In this</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>4. The CRO Forum suggest clarification that reconciliation as important step for validating data source.</p> <p>5. 43.C Approximations & Historical data smoothing should be allowed (priority: medium)</p> <p>6. The CRO Forum believes CEIOPS should confirm the Level 1 Article 81, that approximations can be used in the absence of data on reinsurance or SPV recoverables. The CRO Forum recommends that CEIOPS clarify that when firms "adapt historical data in case of changes in the operating environment or changes in legislation", that no historic manipulation of data will be allowed and that assumptions are clearly explained.</p> <p>7. 43.D Actuarial function should act as a reviewer, not as auditor of the data (priority: medium)</p> <p>8. The CRO Forum believes that the actuarial function should "review" that the data are reasonable and consistent for the purpose of the analysis, but should not audit the data.</p>	<p>case, this is linked with the definition of the accuracy criteria.</p> <p>The advice from CEIOPS does not override the Level 1 text. A discussion on the use of approximations is out of the scope of this paper.</p> <p>Agreed. See revised text</p> <p>The paper is clear on not requiring the actuarial function to audit the data.</p>
8.	DENMARK: Codan Forsikring A/S (10529638)	General Comment	We disagree with the assumption that diversification should not be allowed for in assessing the risk margin. We believe this introduces additional prudence into the calculation of Technical Provisions, beyond that indicated within the Directive. We propose an alternative method in paragraph 3.130 below.	[Comment misplaced. Belongs to CP42, will be solved in CP42]
9.	ECIROA	General Comment	<p>Captives differ from commercial insurers in these important respects:-</p> <p>(1) They write a restricted number of lines of insurance business (property, liability, for example) and normally issue a small number of policies (e.g. global programmes with one policy per insurance class)</p> <p>(2) They insure or reinsure a restricted number of risk units (sites,</p>	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>vehicles, for example)</p> <p>(3) They have a restricted number of insureds, or clients</p> <p>(4) They insure or reinsure above deductibles that are high enough to reduce the relative number of claims they receive every year.</p> <p>Captives therefore do not need to have complex data collection systems in place as they can easily document and report their data. It is important that the principle of proportionality is applied to the data requirements for captives to reflect their relatively straightforward structure.</p> <p>Please note that where a comment has not been made on a particular paragraph, this does not indicate that we agree with the paragraph.</p>	<p>CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.</p>
10.	European Insurance CFO Forum	General Comment	<p>The standards for data quality should acknowledge practical issues facing undertakings and take account of proportionality and materiality.</p> <p>In aggregate, the proposals for standards for data quality are idealistic and fail to recognise the practical issues facing insurers in achieving a balance between reliability and appropriateness of data compared with having a sufficient volume of data to be credible for analytical purposes. The need for this balance arises due to the constant evolution of insurance products and risks and impacts some lines of business more than others.</p> <p>The CFO Forum is in broad agreement with the proposals in CP43 but would wish them to take into account the concepts of proportionality and materiality and also allow consideration of the need for a sufficient volume of credible data where it is practically difficult to obtain this data from a wholly reliable source. Companies need to be able to apply judgement as to the "best" data available when "ideal" data does not exist.</p> <p>Data quality in the level 2 implementation measures should be</p>	<p>Noted.</p> <p>The paper aims to develop sound principles and requirements applicable to all undertakings. We note that issues such as data deficiencies and application of the principle of proportionality are addressed in the paper.</p> <p>CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.</p> <p>CEIOPS has taken an overall</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>covered by a single set of guidance.</p> <p>CP43 and CP56 both cover validation of data. Although both CPs have separate purpose, we highlight that much of the underlying data used both to estimate the technical provisions and to parameterise the internal model will be the same and should be subject to consistent standards of quality.</p> <p>The CFO Forum recommends only one set of guidance in the level 2 implementing measures on data quality that applies to both the internal model and the estimation of technical provisions.</p> <p>Requirements for internal data are too onerous. There will be practical issues in verifying external data.</p> <p>In some cases, the requirements for internal data are more onerous than for external data and market benchmarks. As both are used for the purpose of claims provisions, the level of data quality should be consistent.</p> <p>In addition, the CFO Forum notes that there will be practical issues associated with verifying external data.</p>	<p>consistent view when drafting the relevant advices, and adequate cross-references are found between the papers. Still there are specificities of each situation that justify a more granular discussion.</p> <p>By nature, there is generally higher scope for the undertaking to control and analyse internal data than external data. Also the former commonly plays an increased role in the provisioning analysis.</p> <p>CEIOPS agrees that the level of data quality for both should be consistent, but it acknowledges in the paper that there may be increased practical difficulties in assessing the quality of external data.</p>
11.	European Union member firms of Deloitte Touche To	General Comment	<p>We believe CEIOPS' requirements are generally sensible.</p> <p>However the requirements, particularly in defining completeness and on documentation, may appear onerous in some places. As an example, for business written in the London Market there will be instances where the data currently being used may not be appropriate, complete or accurate.</p> <p>The paper makes little mention of what documented evidence in</p>	<p>Noted.</p> <p>The issue of data deficiencies is addressed in the paper.</p> <p>CEIOPS intends to set the main</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			relation to data quality will be required.	principles on what should be documented. We note that the detail depends on the specificities of the situation.
12.	Federation of European Accountants (FEE)	General Comment	In our view, it would be helpful if the paper clarified further the differences between the role of the actuarial function and the role of the auditor.	Noted. This is a governance issue which is out of the scope of this paper. Please refer to CEIOPS CP33.
13.	FERMA (Federation of European Risk Management Asso)	General Comment	Ferma welcomes this opportunity to provide comments on this Consultation paper. The main purpose of our comments is to outline specificities of captive insurance and reinsurance undertakings as defined in Art 13-1a of the Directive.	Noted.
14.	FFSA	General Comment	No major comment.	Noted.
15.			Confidential comment deleted.	
16.	German Insurance Association – Gesamtverb and der D	General Comment	<p>GDV appreciates CEIOPS's 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.</p> <p>It should be noted that our comments might change as our work develops. Our views may evolve depending in particular, on other elements of the framework which are not yet fixed – e.g. specific issues that will be discussed not until the third wave is disclosed.</p> <p>The GDV agrees that having good quality data is an essential prerequisite to calculating appropriate technical provisions. CEIOPS advice starts with data issues from an 'ideal' perspective. Therefore</p>	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>GDV agrees to the intention to give further explanations how the</p> <ul style="list-style-type: none"> - practical challenges faced by the undertakings should be taken into account (section 3.1.2), - proportionality principle apply in judging the quality of data (section 3.1.3). <p>GDV will support any activities of CEIOPS to give further advice with respect to these topics.</p>	
17.	Groupe Consultatif	General Comment	<p>We generally agree with the content of this paper, which is a good summary of best practice in data management. We do however believe that Level 2 measures should reflect that available data is often not ideal in terms of appropriateness, completeness or even accuracy. This can be for various reasons:</p> <p>In the life insurance environment, some historic portfolio data may have been collected as much as 50 years earlier(when provisioning techniques were less sophisticated); or</p> <p>Rating factors may have changed, so that historic data is necessarily incomplete.</p> <p>Furthermore, with good reason, very little data is collected solely for the purpose of provisioning – almost all data is collected primarily for operations purposes.</p> <p>For these reasons, it is almost always necessary for the actuarial function to apply professional judgement to the available data. What is important is that standards specify that judgement is to be exercised based on transparent reasoning and that any uncertainty associated with data constraints is both kept to a minimum and explained to the administrative or management body.</p> <p>We are concerned about the potential over reliance on historic data. Whilst there is a benefit of using long data series to estimate appropriate levels for assumptions, it must be recognised that more</p>	<p>Noted.</p> <p>The paper aims to develop sound principles and requirements applicable to all undertakings. We note that issues such as data deficiencies and application of the principle of proportionality are addressed in the paper.</p> <p>A discussion on the degree of judgement allowed when setting assumptions is out of the scope of this paper. Nevertheless, some considerations are already made in section 3.1.4.</p> <p>This is not a 'pure' data quality issue, but it concerns the credibility that should be assigned to the data when performing specific analysis. Some</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>recent data is more “appropriate” than older data.</p> <p>One has to be aware that completeness even of internal data is normally limited. Therefore the consideration of external data (by actuarial society or Government) is necessary. Development of such external data should be encouraged by the authorities.</p> <p>The text is generally sensible.</p> <p>At times the requirements, particularly in defining completeness and on documentation look onerous. As an example, for business written in the London Market there will be instances where the data currently being used may not be appropriate, complete or accurate.</p> <p>The paper does not make any mention of what (if any) documented evidence in relation to data quality will be required.</p>	<p>considerations on this are already made in section 3.1.4.</p> <p>The need to complement internal data with external data is acknowledged in the paper.</p> <p>The issue of data deficiencies is addressed in the paper.</p> <p>CEIOPS intends to set the main principles on what should be documented. We note that the detail depends on the specificities of the situation.</p>
18.	International Underwriting Association of London	General Comment	<p>The standards for data quality should acknowledge practical issues facing undertakings and take account of proportionality and materiality. In aggregate, the proposals for standards for data quality are idealistic and fail to recognise the practical issues facing insurers in achieving a balance between reliability and appropriateness of data compared with having a sufficient volume of data to be credible for analytical purposes. The need for this balance arises due to the constant evolution of insurance products and risks and impacts some lines of business more than others. Companies need to be able to apply judgement when perfect data might not be available, but good quality data is available.</p>	<p>Noted.</p> <p>The paper aims to develop sound principles and requirements applicable to all undertakings. We note that issues such as data deficiencies and application of the principle of proportionality are addressed in the paper.</p> <p>A discussion on the degree of judgement allowed when setting assumptions is out of the scope of this paper. Nevertheless, some considerations are already made</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

				in section 3.1.4.
19.	Lloyd's	General Comment	<p>The consultation paper highlights the main issues relating to insurance data. We believe the key messages covered in the paper are:</p> <ul style="list-style-type: none"> - the principle of proportionality must be applied - recognition that insurance data is not perfect and that understanding data is important. The level of data available should influence the method applied but not stop methods being used. - the use of expert judgement is also required – just setting “data rules” is not acceptable - there should be consistency in the treatment of data between different elements of Solvency II - data should be validated where feasible - undertakings should try to improve data where possible <p>We also believe that the level of validation required needs to be realistic and fit for purpose. This does not mean undertakings should not validate data. It does require the avoidance of unnecessary costs that may lead to spurious or minimal benefits. We believe the emphasis should be on ensuring the data is fit for purpose, based on expert judgement with reasoning, and over-prescription is not required.</p> <p>We also believe that adjustments to data, other than corrections, should be made as part of the technical provisions process but not the data collection process which should keep a “clean” data set wherever possible.</p>	<p>Noted.</p> <p>These considerations seem to be broadly in line with CEIOPS paper.</p>
20.	Lucida plc	General Comment	<p>Lucida is a specialist UK insurance company focused on annuity and longevity risk business. We currently insure annuitants in the UK</p>	<p>Noted.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			and the Republic of Ireland (the latter through reinsurance). We generally agree with the content of this paper.	
21.	Munich RE	General Comment	We fully support all of the GDV statements and would like to add the following points: In some cases it seems that the requirements for internal data are higher than for external data/ market benchmarks. As both are used for estimating the claims provisions, the same level of data quality should be required.	Noted. By nature, there is generally higher scope for the undertaking to control and analyse internal data than external data. Also the former commonly plays an increased role in the provisioning analysis. CEIOPS agrees that the level of data quality for both should be consistent, but it acknowledges in the paper that there may be increased practical difficulties in assessing the quality of external data.
22.	PEARL GROUP LIMITED	General Comment	We have a concern that this CP like all the other CPs takes a prudent view. While this might feel appropriate in each CP we are worried that this will mean that the overall Solvency II legislation will be overly prudent when summed over all the CPs. With respect to data quality standards, it is important to take into consideration current accounting records to ensure consistency between accounting standards and Solvency II. It is our view that Solvency II standards should not be higher than accounting. We are concerned that there might be some overlap here with CP 56 on statistical quality standards (e.g par 5.176). This consultation paper should not be seen as overruling the section of CP 56 dealing with the same issues for undertakings using an internal model. We	Noted. We agree that consistency is desirable, but we note that the objectives may not be the same. Both CP43 and CP56 already include appropriate cross-references to ensure consistency.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			believe CP 56 sets appropriate standards and that this paper should be brought in line with CP 56.	
23.	PricewaterhouseCoopers LLP	General Comment	<p>We welcome the emphasis being placed on the appropriateness, completeness and accuracy of data, which is key both to the setting of appropriate assumptions and to the ultimate calculation of the technical provisions. However, we question whether it would be more logical to develop a single set of data standards applying across the whole of Pillar 1 rather than to consider technical provisions and the SCR separately.</p> <p>We believe it would be useful to include further guidance on how the principle of proportionality should be applied in relation to data quality, in order to avoid overburdening certain insurers.</p>	<p>Noted.</p> <p>CEIOPS has taken an overall consistent view when drafting the relevant advices, and adequate cross-references are found between the papers. Still there are specificities of each situation that justify a more granular discussion.</p> <p>The issues of data deficiencies and application of the principle of proportionality are addressed in the paper.</p>
24.	RBS Insurance	General Comment	We found the material in this paper sensible, and believe it establishes a good framework for assessing the appropriateness, completeness and accuracy of data. We believe there are places in this paper where the application of materiality will be important and have a few more detailed comments below.	Noted.
25.	ROAM –	General Comment	No major comment.	Noted.
26.	SOGE CORE	General Comment	<p>SOGE CORE is a leading insurance and reinsurance captive manager independent from brokerage groups. We examined the QIS 4 effects for numerous of our clients and submitted most of our findings to our regulator.</p> <p>We strongly support this consultation paper especially in the following points:</p>	Noted.
27.	XL Capital	General	We agree with the concepts presented in the advice section of CP	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	Ltd	Comment		
			<p>43 however we would emphasise the need to consider proportionality in the practical application of the appropriateness, completeness, and accuracy criteria.</p> <p>We also raise the question of transitional arrangements whilst systems improvements to enhance data quality are made because historical data from legacy systems may not meet the standards prescribed.</p> <p>We highlight the overlap between this paper and similar issues addressed in CP 56 relating to internal models.</p>	<p>The issue of application of the principle of proportionality is addressed in the paper.</p> <p>Transitional arrangements are out of the scope of this paper.</p> <p>Both CP43 and CP56 already include appropriate cross-references to ensure consistency.</p>
28.	ACORD	1.3.	ACORD agrees that the best data for best estimate calculations will tie directly into the data used by management in its annual accounts and internal databases, as an example, that used for risk management purposes.	Noted
29.	European Union member firms of Deloitte Touche To	1.3.	It is not clear whether reconciling simply means identifying differences (if any) or explaining the reasons/consequences of the differences.	<p>Agreed</p> <p>The text will clarify that "reconciling" means explaining both differences and reasons/consequences.</p>
30.	Groupe Consultatif	1.3.	It is not clear whether reconciling simply means identifying differences (if any) or explaining the reasons/consequences of the differences.	<p>Agreed</p> <p>The text will clarify that "reconciling" means explaining both differences and reasons/consequences.</p>
31.	PricewaterhouseCoopers LLP	1.3.	The example given in this first discussion of data quality is relatively narrow, and implies that quality may be assessed by reconciliation with other data, rather than first ensuring that the	<p>Disagreed</p> <p>The reconciling is mentioned as an example and it doesn't mean</p>

Summary of Comments on CEIOPS-CP-43/09				CEIOPS-SEC-106/09
Consultation Paper on the Draft L2 Advice on TP - Standards for data quality				
			required quality of the data is fully understood before determining how to test that data quality.	that there is no a previous fully understanding of the quality of data
32.	ACORD	1.4.	We suggest CEIOPS rephrase the last sentence to read, "The quality of the used data is of crucial importance..." rather than the quality of the database. This is consistent with the language in the next paragraph and focus on the core issue of data quality.	Agreed The word "database" will be replaced by "data"
33.	PricewaterhouseCoopers LLP	1.5.	The appropriateness (or validity) of data will also impact on the accuracy of final estimates.	Noted
34.	PricewaterhouseCoopers LLP	1.6.	Some of the information used to develop assumptions may be qualitative; in particular, where quantitative data is deficient, qualitative information may be used to improve quantitative data, or to enable decision making or assumption setting in the event of deficient data. Although it would not make sense to apply the full range of guidelines to qualitative data, certain guidelines such as the reliability of the qualitative information would be useful.	Disagreed Insufficient quantitative data could be explained by qualitative informations and could never take place of "data"
35.	PricewaterhouseCoopers LLP	1.7.	We agree that a consistent approach to data quality issues should be taken across Pillar 1 and thus question whether it would be more logical to develop a single set of data quality standards, rather than considering those relevant to the calculation of technical provisions separately from those applicable to the SCR assessment.	Noted CEIOPS has taken an overall consistent view when drafting the relevant advices, and adequate cross-references are found between the papers. Still there are specificities of each situation that justify a more granular discussion.
36.	RBS Insurance	1.7.	We will also feed back on this point in our response to CP56. We believe the data requirements for technical provisions and for the internal model should be consistent, and fall within an overarching data policy and framework.	Noted See answer to comment 35

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

37.	ACORD	3.1.	<p>We would argue that CEIOPS' intention would better be expressed as one to require that procedures are in place to ensure the production of high quality data, and not simply to describe the criteria to assess the quality of data. We agree that assessment of the data is part of the quality process, but suggest that more discussion needs to take place regarding the procedures and standards which are the foundation of data production, not just the criteria for assessment of the quality. Although this section specifies more than assessment, the focus of the paper is very much on that issue.</p> <p>With regard to the second bullet: internal processes and procedures is quite an open field. The key issue may be to how to bring procedures in line with the best practice operational risk management practices, but to avoid duplications with similar efforts (like external audit practices on regular company reporting) "over-doing" the specifics such as has been experienced to some degree with many SOX implementations.</p> <p>We suggest adding a bullet related: how to ensure "external" (e.g. across different players, geographies) consistency of data.</p>	<p>Noted</p> <p>Noted</p> <p>Disagreed The requirement is to ensure consistency, and not how. About this point, the text has been updated with a clear reference on external data consistency</p>
38.	Federation of European Accountants (FEE)	3.1.	<p>According to paragraph 3.1., one of the purposes of this paper is to consider how the quality of the data used in the calculation of technical provisions could be reviewed and validated and by whom such review should be carried out.</p> <p>In our opinion, the paper does not provide sufficient clarification on this issue from the perspective of the auditor. Paragraph 3.42 specifically excludes more detailed consideration of the role and analytical work of the actuary, internal auditor and external auditor</p>	<p>Noted. This is a governance issue which is out of the scope of this paper. Please refer to CEIOPS CP33.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>respectively from this paper. Also it is currently not defined, which specific sets of data will be subject to an audit (refer also to paragraph 3.40).</p> <p>We would also like to comment on an aspect regarding the table of content. The table of content refers to the "requirements on internal processes and procedures" as chapter 3.1.4 whereas in the body of text the "requirements on internal processes and procedures" (paragraph 3.32) are presented as a sub-chapter 3.1.3.1 under 3.1.3 "application of the principle of proportionality". We understand that this topic is not intended to be a sub-chapter under 3.1.3 "application of the principle of proportionality" as indicated in the table of content.</p> <p>This comment also applies to paragraphs 3.40 and 3.42.</p>	Agreed
39.	PricewaterhouseCoopers LLP	3.1.	<p>Although there is some discussion of who might validate the quality of data, there is limited discussion in this paper around how this might be done, as indicated by the 3rd bullet point in this paragraph</p> <p>1. The purpose of this paper is to consider: how the quality of the data used in the calculation of technical provisions could be reviewed and validated and by whom such review should be carried out;</p> <p>2. Additionally, the later discussion appears to limit the assessment of data to audit (external and internal) and actuarial functions, whereas a number of functions might assess different aspects of quality, including finance and technology functions.</p>	<p>Noted.</p> <p>This is a governance issue which is out of the scope of this paper. Please refer to CEIOPS CP33.</p>
40.	ACA - ASSOCIATION DES COMPAGNIES D'ASSURAN	3.2.	<p>We agree about the main idea of the importance of data quality in technical provisions calculation, but it should be noticed that data quality also benefits to other parts of the Solvency II process and to our general activity.</p>	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	CES DU			
41.	ACORD	3.2.	<p>The examination of the collection, storage and processing of data is a critical step in the valuation process. ACORD supports a process management approach which ideally aims at single data entry and continuous processing throughout internal systems, respectively transparent, harmonized and auditable multi-instance data entry.</p> <p>Moreover, as noted previously, this is a first step in producing high quality data, not just a first step in the valuation process.</p>	Noted
42.	European Insurance CFO Forum	3.2.	Comments in 3.40 are also relevant here.	Noted
43.	Lloyd's	3.2.	We agree.	Noted
44.	PricewaterhouseCoopers LLP	3.2.	Although data deletion might be considered to be part of storage or processing of data, consideration might be given to whether deletion or removal from consideration, of data no longer relevant to the calculation of technical provisions may be appropriate.	
45.	ACORD	3.3.	We agree that from an information management and business steering perspective, the selection and assessment of data used is a key criteria for high quality "output".	Noted
46.	Lloyd's	3.3.	We agree that data is an integral part of the process for setting technical provisions.	Noted
47.	ACORD	3.4.	<p>ACORD supports the three criteria of appropriateness, completeness, and accuracy. Although the Directive does not stress consistency and comparability, these are also key issues to be considered.</p> <p>Related to the following paragraphs 3.4 – 3.16 – while the general principles appear to point in the right direction, we believe that</p>	<p>Noted</p> <p>Disagreed</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			"open" expressions like "adequate", "sufficient", "justified as immaterial" leave a lot room for interpretation, and thus might result in inconsistent application of the criteria.	
48.	PricewaterhouseCoopers LLP	3.4.	In the context of a London Market in particular, completeness may need to be considered with a view to data availability – focus should be given to the implications of the level of completeness.	Noted The advice considers the concept of complete data in relation with availability (see par. 3.13). Moreover, par. 3.5 refers to the inclusion of external data for the assessment of the quality
49.	ACORD	3.5.	ACORD agree with the statement that the appropriateness and completeness of data can be assessed on a portfolio level while the assessment of the accuracy of data should be carried out on a more granular level. It can be argued that completeness could also be assessed at a granular level. Refer to 3.11 where data is considered to be complete if it has sufficient granularity to allow for the identification of trends and the full understanding of the behaviour of the underlying risks.	Noted
50.	Groupe Consultatif	3.5.	We would generally agree with this view. Typically an actuarial function will review data at a high (portfolio) level for all of appropriateness, completeness, and accuracy and it is usual also for data to be reviewed at a granular level by auditors or similarly skilled persons for accuracy and perhaps completeness also. The review of the appropriateness, completeness and accuracy of data by an actuarial function would appropriately be the subject of professional standards.	Noted
51.	Lloyd's	3.5.	We broadly agree but note that the term "...relating to individual items" could be interpreted too strictly. It is not realistic to check the accuracy of every data item, as there can be literally millions of	Disagreed Check accuracy of data doesn't mean to verify item by item but

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			records. We would not include this and simply say "The assessment of the accuracy criteria should be carried out at a more granular level."	to build adequate procedures/systems to ensure a detailed level of accuracy
52.	Munich RE	3.5.	The recommendation to assess the accuracy of the underlying data on a single item level seems to be too restrictive, especially if data can be reconciled e.g. to the financial statements on a portfolio level. It should be stated more clearly, that the actuarial function should review the reasonableness of the data, and not "audit" the data, i.e. check single entries against the EDP systems.	Disagreed Check accuracy of data doesn't mean to verify item by item but to build adequate procedures/systems to ensure a detailed level of accuracy The paper is clear on not requiring the actuarial function to audit the data.
53.	PricewaterhouseCoopers LLP	3.5.	Appropriateness and completeness of the data should potentially be considered at a more granular level than at the total portfolio level to allow for consideration of the potential differences between different segments and the possible implications of this.	Noted
54.	Lloyd's	3.6.	We believe that care is needed not to make this requirement too onerous. The emphasis should be on expert judgement deciding, with reasons, whether data is suitable.	Noted
55.	PricewaterhouseCoopers LLP	3.6.	As noted for 1.6, assumption setting may be based on both quantitative and qualitative information. Guidance on the appropriate use of or quality criteria for qualitative data may be appropriate (for example consideration of the information by appropriately experienced and/or qualified individuals).	Disagreed Insufficient quantitative data could be explained by qualitative informations and could never take place of "data"
56.	Lloyd's	3.7.	We agree.	Noted
57.	Lloyd's	3.8.	We agree.	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

58.	PricewaterhouseCoopers LLP	3.8.	Data might further be considered appropriate if data that is no longer relevant (i.e. out of date) is excluded from the data set.	Disagreed The no longer relevant data could be appropriate from a purpose point of view, but not complete. It is a requirement related to completeness criteria
59.			Confidential comment deleted.	
60.	CRO Forum	3.10.	This section could be interpreted as a series of requirements any one of which would cause data to be considered complete. In the advice (para 3.60) it clarifies that all criteria relevant to the context must be satisfied for data to be considered complete.	Noted
61.	Lloyd's	3.10.	We welcome the reference to "main homogeneous risk groups" and agree that materiality plays a role in data collection and processing.	Noted
62.	Milliman	3.10.	It is ambiguous to consider the inclusion of the "main" homogenous risk groups as complete, unless you define "main".	Disagreed It is no needed to define "main"
63.	ACORD	3.11.	In regard to completeness of data, one of the key issues in data standards is the need for agreed upon definitions of risk categories to ensure that the data is sufficient to allow and understanding of the behaviour of the underlying risks. If there is inconsistency in the definitions, then the objective of completeness cannot be achieved.	Noted As for homogenous risk groups, undertakings are fully responsible for identifying the relevant underlying risks.
64.	Association of British Insurers	3.11.	Main text. The requirement to have sufficient granular data to have a "full understanding of the behaviour of the underlying risks" is too aspirational. The word full should be replaced by more practically achievable standards such as "good" or "detailed".	Disagreed

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>Footnote 7</p> <p>We believe it would be unduly onerous to require a breakdown by payment. Insurers should be able to record payments on a more rationalised way: payments may be grouped by month or quarter etc.</p>	<p>Disagreed</p> <p>Undertakings have to collect data at this level of detail</p>
65.			Confidential comment deleted.	
66.	CEA, ECO-SLV- 09-438	3.11.	<p>Required detail should be proportionate and practical.</p> <p>The example given in footnote 7 is not realistic for many undertakings. Not many insurers and reinsurers will have a record of each and every payment that is made, though payments may be grouped by month or quarter etc.</p> <p>Due to the reporting lag between cedant and reinsurer, it may be worth mentioning that for reinsurers it might be more relevant to use the date which the cedant is reporting for, instead of the date when the reinsurer actually receives the report from the cedant.</p>	<p>CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.</p> <p>Disagreed</p> <p>Undertakings have to collect data at this level of detail</p> <p>Partially agreed</p>
67.	CRO Forum	3.11.	For life business, as a prospective discounted cash flow approach is specified, historical information is generally only required for the purpose of assumption setting.	Noted
68.	European Insurance CFO Forum	3.11.	<p>Reinsurers may reflect the cedant's payment date rather than their own in the run-off triangles due to reporting delays. Footnote 7 requires updating to reflect this.</p> <p>As a result of reporting delays, reinsurers build run-off triangles</p>	Partially agreed

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			based on a cedant's reporting date rather than the actual date of data receipt from the cedant. This should be reflected in the requirements of footnote 7.	
69.	European Union member firms of Deloitte Touche To	3.11.	We believe the requirement derived from this paragraph may be onerous for undertakings: taking this literally suggests that data can only be considered complete if every conceivable aspect of data that may impact the underlying risk is captured. For example, full historical data relating to potential risk factors not previously used or considered would, arguably, be required to satisfy this requirement as written. However, it is unlikely that this is what is intended. Furthermore, complete data might not be available, for instance where there is a new class with no claims history to date. See also comment on para. 3.60	Disagreed Undertakings have to collect data at this level of detail
70.	FERMA (Federation of European Risk Management Asso	3.11.	Ferma agrees with the criteria chosen: Appropriateness, Completeness and Accuracy of Data. Management of captives and accounts are usually subcontracted to specialized firms who should be able to meet these criteria. However one should also take into account the principle of proportionality (art 3.13)	CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.
71.	Groupe Consultatif	3.11.	We note that there often is a dynamic process at work. It is not unusual for there to be a change in the scope of factors taken into account in either rating or provisioning or both, requiring one or more additional elements of data which have not previously been collected. Data will therefore be temporarily incomplete until such time as a sufficient volume of expanded data has been collected. Taking this literally suggests that the data can only be considered complete if every conceivable aspect of data that may impact the underlying risk is incorporated. For example, full historical data relating to potential risk factors not previously used or considered would, arguably, be required to satisfy this requirement as written. However, it is unlikely that this is what is intended. Furthermore, complete data might not be available - perhaps a new class with no	Disagreed The advice indicates how to process any kind of "deficiencies" on data, in par. 3.1.2

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			claims history to date. Also 3.60	
72.	Milliman	3.11.	We would suggest substituting the words “expected number of years of development until all claims are paid and closed” for “duration of liabilities”.	Partially agreed
73.	Munich RE	3.11.	Footnote 7: Due to the fact, that there is a reporting lag between cedent and reinsurer, it should be mentioned, that – to build a run-off triangle-for reinsurers it might be more relevant to use the date, which the cedent is reporting for, instead of the date when the reinsurer actually receives the report from the cedent. This means, the reinsurer will recognise his claim reportings from or payments to the cedent in the same development period within the run-off triangle as the cedent does for his payments to the insured. Especially in Life business this is already the case, as insurer and reinsurer will use the same information (e.g. mortality table) for estimating their liabilities.	Partially agreed
74.	PEARL GROUP LIMITED	3.11.	Footnote 7 We believe it would be unduly onerous to require a breakdown by payment. We should be able to record payments on a more rationalised way: payments may be grouped by month or quarter etc.	Disagreed Undertakings have to collect data at this level of detail
75.	Association of British Insurers	3.12.	“The more heterogeneous the portfolio is the more detailed the data should be”. The portfolio may be very heterogeneous, but only with respect of one risk factor which may acceptably explain the variance and so great detail in the data may not be required. Therefore, this should not be an absolute requirement. The requirement should be that the data is sufficiently detailed so that any residual heterogeneity	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			not explained by the data collected is at an acceptable level.	
76.			Confidential comment deleted.	
77.	CEA, ECO-SLV- 09-438	3.12.	<p>This paragraph is potentially misleading.</p> <p>Using heterogeneous data is inherent dangerous. If a particular portfolio is significantly heterogeneous then companies should consider the merits of using a more granular segmentation. Perhaps this is what it is meant by "the more heterogeneous the portfolio is the more detailed the data should be" but it is not clear.</p> <p>The CEA suggests that this paragraph is redrafted as: "In principle, the more heterogeneous the portfolio is the greater the segmentation should be to create homogeneous risk groups. However, companies should be mindful of not creating too small groupings. Proportionality and materiality may lead to judgmental adjustments by the actuarial function. This holds particularly true if data is sparse "</p>	<p>Disagreed</p> <p>The requirement to segment liabilities by homogeneous risk group is in the Level 1 text. The present paragraph is not concerned about segmentation as such, but with the level of detail of information that needs to be collected for a heterogeneous portfolio (irrespective of how such portfolio will need to be segmented for the purpose of calculating technical provisions).</p>
78.	CRO Forum	3.12.	"...the more heterogeneous the portfolio is, the more detailed the data should be." – on occasion, the reason(s) why a portfolio is more heterogeneous can result in less detailed data being available.	Noted
79.	European Insurance CFO Forum	3.12.	Comments in 3.40 are also relevant here.	Noted
80.	Groupe Consultatif	3.12.	The statement "The more heterogeneous the portfolio, the more data is needed to evaluate" is basically to be approved. But regarding small sub-portfolios, the information content is limited if the statistical significance is not given. Therefore expert judgement is very important here.	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

81.	Lloyd's	3.12.	We do not agree. We believe the level of detail should be similar for homogeneous and heterogeneous groups if the underlying modelling is similar. The only difference would be the number of risk groups the data was split into, not the detail in the splits.	Disagreed The level of granularity/detail is important to define the quality of data, independently from the underlying modelling
82.	European Union member firms of Deloitte Touche To	3.13.	An analysis of comprehensiveness and a relative comparison with other data for similar lines of business and/or risk factors will not be possible in the case of a monoline insurer, or an insurer covering a diverse range of business.	Noted
83.	FERMA (Federation of European Risk Management Asso	3.13.	See comment in 3.11	See answer to comment in 3.11
84.	Groupe Consultatif	3.13.	An analysis of comprehensiveness and a relative comparison with other data for similar lines of business and/or risk factors will not be possible in the case of a monoline insurer, or an insurer covering a diverse range of business.	Noted
85.	Lloyd's	3.13.	We do not agree. The statement "All material information shall be taken into account....." is too onerous. It is possible to have data sets that do not contain relevant information that is available. If the data is suitable for the methods required to calculate the technical provisions then this is sufficient. Additional data items may lead to more sophisticated modelling, which may be more desirable, but this is an aspiration rather than a necessity. Expert judgement should be used to assess whether enough of the data is being collected and to identify areas that could (or should)	Disagreed The advice is focusing on collecting data that will be used as the starting point of any evaluation. So that any relevant information shall be considered.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			be improved.	
86.	Munich RE	3.13.	It should be stated clearly, that all material information, stemming from internal and/ or external sources, should be taken into account, as the valuation of the technical provisions should be market consistent (Art. 75 (3) Level 1 text). Or – where the valuation deviates from the market consistent value, as stated in para 3.54 – material deviations should be identified and interpreted.	Noted
87.	PricewaterhouseCoopers LLP	3.13.	As well as ensuring no relevant items are omitted, consideration might be given to ensuring that no irrelevant items are included (see 3.8). Additionally, it would be helpful here to indicate the extent to which firms would be expected to show that data is complete, as whilst this is an important consideration, it can be challenging to prove that no data is omitted (as this is akin to proving a negative).	Noted
88.	ACORD	3.14.	<p>ACORD agrees that errors exist at the data entry level. ACORD standards recommend a single entry point for data and straight through processing – obviously a situation which is more a vision than a reality. Thus integration of multiple data systems -- within a company across its systems, within a group across its subsidiaries/branches, and between business partners -- represent critical issues in data quality and reporting. Interaction with intermediaries, use of legacy systems or outsourcing activities potentially lead to errors caused by multiple systems, which can be reduced by a single set of data definitions and procedures. Integrating the sales channel into the data processing system is also a critical step.</p> <p>Integrating multiple systems representing unique points in the value chain can present challenges to data accuracy especially when partial automation results. Modifying administrative</p>	

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>workflows by automating only part of the life cycle of a contract or claim can hinder rather than improve accuracy. Examples of partial automation include initial report of loss without subsequent reports, and placement of new contracts without maintenance of in-force contracts.</p> <p>We would suggest rewording the third sentence to begin, "An additional exposure to errors may stem from data and system architecture weaknesses, such as: ..."</p>	<p>Agreed</p> <p>Introduced in the text the suggested wording</p>
89.	Groupe Consultatif	3.14.	We agree with the definition of data accuracy but would note that in practice most insurers have to some degree one of the factors listed in this paragraph as giving rise to exposure to error.	Noted
90.	Lloyd's	3.14.	We agree.	Noted
91.	Munich RE	3.14.	The accuracy of data seems only to be referred to internal data, but accuracy should also be mentioned in connection with external data. For external data/ market data the credibility might be much more difficult to justify.	<p>Noted</p> <p>The par doesn't mention internal or external data. The requirement is general, according a "principle-based" approach</p>
92.	PricewaterhouseCoopers LLP	3.14.	'Loose' should read "lose".	Agreed
93.	ACORD	3.15.	Beyond placement, there are other post-placement processes other than claims that are sensitive to point-in-time accuracy. Maintenance transactions (e.g. Premium-bearing Endorsements) may be processed out of sequence for which they take effect. Contract terms and conditions should be accurate as of any point in time - in reality often they are not. Data standards should prescribe supporting data that promotes the adherence to this	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			accuracy principle for all participants involved in the maintenance of placed business including intermediaries. Examples of supporting data includes date/time stamps for modified information as well as previous values.	
94.	Groupe Consultatif	3.15.	In practice the scope of data collected may change from time to time for good business reasons, but we agree that the implications of such changes for provisioning fall to be explicitly considered by the actuarial function.	Noted
95.	Lloyd's	3.15.	<p>This is not a good definition. It says that, for data to be accurate, the recording of information must be "kept constant over time". This is not correct as, for example, extra data items could be recorded over time, which improve the data. Yet the data would remain accurate.</p> <p>We do agree that consistency should be key and would emphasise that data collection needs to be reliable and consistent, but not necessarily constant.</p>	<p>Disagreed</p> <p>The advice text doesn't use the word "constant" but "consistent" over the time.</p>
96.	PricewaterhouseCoopers LLP	3.15.	Some consideration should potentially be given to the timeliness of the recording of the data.	<p>Agreed</p> <p>Introduced ref in the first sentence</p>
97.	ACORD	3.16.	ACORD would like to highlight that the same data should be used for business steering throughout the company's operations.	Noted
98.	Lloyd's	3.16.	<p>This appears like a use test but may not apply in all cases. We agree with the concept and would replace "must" with "should normally". The relevant sentence would read:</p> <p>"The undertaking should normally be able to demonstrate that it recognises the data set as credible by using it..."</p>	<p>Disagreed</p> <p>This is a crucial requirement that could not be respected "normally"</p>
99.	PricewaterhouseCoopers	3.16.	Data should be used throughout the undertaking's operations and decision-making processes where appropriate.	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	LLP			
100.	RBS Insurance	3.16.	<p>Also applies to 3.61. There may be certain data items that are used primarily for the review of technical provisions (eg- market run-off triangles, very old accident years).</p> <p>Whilst data may derive from the same source system the exact data set should be tailored to the purpose of calculating technical provisions, whereas others would be more specific to, say, pricing.</p> <p>For certain data items we believe this bullet point is achievable via reconciliation systems between the data used (eg- a data extract) and key company systems and / or other datasets at suitable summary levels.</p>	Disagreed
101.	ACORD	3.17.	<p>We suggest adding a third reason: "Reasons related to market deficiencies in the undertakings' capabilities of exchanging information with business partners in a reliable and standardized way."</p>	Accepted as it is acknowledged by the Directive in article 81, although restricted to the amount receivable from reinsurance contracts and special purpose vehicles. The text will be completed with a third bullet point.
102.	International Underwriting Association of London	3.17.	<p>Section 3.1.2: The paper refers to having sufficient data, through the completeness principle, and also refers to the use of external data (or adjustments). It is important to recognise that legacy data pre-Solvency II might have some limitations, as well as data acquired through mergers and acquisitions which may have been collected on a different basis. Given that further clarity has only just been obtained in the form of this Consultation Paper, and Solvency II will, on the whole, seek to improve standards in data quality, we believe it is important to recognise that in some cases, time will be required to make the necessary system changes, and to build sufficiently complete datasets. In recognition of this, we believe that there should be a grandfathering provision, allowing</p>	Noted but no need to change the CP as paragraphs 3.23 and 3.25 cover situations where the data are not flawless or lacking. This is also acknowledged by paragraph 3.26 where explicit reference is made to the collecting of relevant information and the building of historical databases.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			sufficient datasets to be built.	
103.	PricewaterhouseCoopers LLP	3.17.	Data deficiencies may also occur due to deficiencies in the collecting, storage and validation processes of relevant third party providers/processors of data. This might include data from contracted or uncontracted third parties (e.g. market data).	Accepted. See resolution 101.
104.	ECIROA	3.18.	Captives normally have a very good knowledge of reported claims since their owner is also the policyholder. This close relationship between the (re)insurance company and the insured and the control function inherent in this system should be recognised when considering the quality of the available data versus the lack of a large portfolio and homogeneous risk.	Noted. The application of the principle of proportionality should assure the appropriate treatment of captives.
105.	Lloyd's	3.18.	We suggest that the 4th bullet is amended to: "Legal or other fundamental external or internal changes in the operating environment may reduce the adequacy of the historical data in predicting future behaviour". The addition is necessary to reflect situations such as the introduction of a "fast track" process for certain types of claim, which accelerates the development of such claims and decreases the appropriateness of historical data.	Accepted. Nonetheless, undertakings are supposed to follow the instructions of paragraph 3.23.
106.	ACORD	3.19.	Deficiencies in internal processing systems can be reduced by the use of common data standards. ACORD suggests that CEIOPS work with the European industry in encouraging the development/enhancement of voluntary data standards and processes. The re-keying of data already collected by an intermediary contributes significantly to deficiencies in the internal processing system. Not only errors and omissions can result but also the increased cost of collecting information when a single transaction is touched multiple times.	Noted. Noted. Covered by paragraph 3.22

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

107.	PricewaterhouseCoopers LLP	3.19.	Although the examples given are valid examples of sources of data deficiencies, the most common example is manual input errors.	Noted but the text is only giving examples without the ambition of being exhaustive.
108.	ACORD	3.20.	The concerns with insufficient data also relate to external interaction with business partners (brokers, agents, insurer <-> reinsurer etc.), thus it represents rather an industry challenge than a company-internal issue.	Partially agreed. The paragraph states what the undertaking should do and that is a company-internal issue.
109.	Lloyd's	3.20.	We agree that constructive methods are proposed to deal with an inadequacy.	Noted.
110.	Lloyd's	3.21.	We agree.	Noted.
111.	Lucida plc	3.21.	Assessment of availability of external data should include consideration of the cost of such data. This comment also applies to 3.65.	Noted. This is captured by the principle of proportionality.
112.	ACORD	3.22.	ACORD agrees that internal validation systems are critical and has developed an ACORD process for certification of internal processes; related to the following paragraphs 3.22. – With regard to 3.26m, we would like to mention that there may be too much room for interpretation when applying these principles in real situations, so objective judgement might be impossible.	Noted.
113.			Confidential comment deleted.	
114.	CRO Forum	3.22.	" <i>Immediate measures</i> " looks a little strong – the approach should be proportionate to the deficiency.	See resolution 113.
115.	GROUPAMA	3.22.	If deficiency is related to insufficient internal processes, the undertaking should take immediate measures to remedy this situation. Groupama understands that the undertaking should implement as soon as possible a plan of action to deal with the insufficiency. As	See remark 113.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			some issues could be difficult to resolve, it could not exist "immediate" answer. We suggest CEIOPS rewriting this paragraph clarifying those points.	
116.	Lloyd's	3.22.	<p>We broadly agree but note that the phrase "immediately" is too onerous. The undertaking should take reasonable steps to remedy any identified situations but recognise these do not have to not start immediately and should be subject to proportionality. For example, operational reasons may not make this possible.</p> <p>Specific mention of the application of proportionality is important. Take, for example, a run-off portfolio of short-tail exposures. This might be missing, say, one data item which was not recorded on the IT systems when the business was written. A long and expensive inspection of records could identify the missing data item and complete the data records. However, for a mature, short tail portfolio, such action would be entirely disproportionate to the benefit derived. The draft measure implies that such work must be done, regardless of cost and benefit.</p> <p>Any identified errors should be corrected immediately, subject to proportionality.</p>	See resolution 113.
117.	PricewaterhouseCoopers LLP	3.22.	Some measures to remedy insufficient internal processes may take some time to implement depending on the nature of the deficiency. Measures should be identified immediately and implemented in an appropriate timescale to address the deficiency. Where appropriate measures cannot be taken within an appropriate timescale, consideration should be given to mitigating or temporary measures.	See remark 113.
118.	RBS Insurance	3.22.	Also applies to 3.66. The deficiency should have been identified under 3.20 as causing the data to be insufficient. Remedying the situation may not always be possible, or only possible at prohibitive cost. This may happen if the insufficient internal process is historic eg- insufficient capture of policy details for old latent exposure, or due to the nature of the sales channel eg- bordereau business.	See remark 113.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			Proportionality needs to be applied, and where the data quality cannot be completely rectified we believe other measures should be applied prudently (eg- use of expert judgement or external data). The wording in 3.72 is suitable.	
119.			Confidential comment deleted.	
120.	CRO Forum	3.23.	We agree that reasonable adaptation of data should be permitted, subject to conditions in 3.23 and 3.24.. Nevertheless we would suggest CEIOPS to clearly states that no historic manipulation of data will be allowed and that assumptions are clearly explained.	Partially agreed. The text already provides for the need to justify and document the adjustments (paragraph 3.24). Paragraph 3.23 clearly states that the quality of the data may be enhanced by reasonably adapting the historical data. The adjustment of the data is governed by the whole of these conditions which should assure avoiding undue manipulation of data.
121.	Groupe Consultatif	3.23.	We agree with this – adaptation of data is commonly required.	Noted.
122.	Lloyd’s	3.23.	We do not believe it is appropriate for an undertaking to adjust data on systems/storage (i.e. at source). We also believe that adjustments to data, other than corrections, should be made as part of the technical provisions process but not the data collection process which should keep a “clean” data set wherever possible.	See resolution 120.
123.	European Union member firms of Deloitte Touche To	3.24.	Adjustments may be made in an ad hoc or subjective manner and be difficult to justify and document in all instances. Also see comments on para. 3.38 and 3.67	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

124.	Groupe Consultatif	3.24.	Adjustments may be made in an ad hoc or subjective manner and be difficult to justify and document in all instances. Also see 3.38 and 3.67	Noted.
125.	Lloyd's	3.24.	We agree. It is important that, except for correcting errors, raw data should not be overwritten.	Noted.
126.	PricewaterhouseCoopers LLP	3.24.	The extent of such changes should be carefully considered such that the overall integrity of the data remains.	Noted.
127.	Lloyd's	3.25.	We agree but believe this is part of the technical provision valuation process and not a data issue.	Partially agreed. CEIOPS agrees that what is described in paragraph 3.24 is part of the technical provision valuation process but as it implies adjustments to the data, it also has its place in the paper on standards for data quality.
128.	Lloyd's	3.26.	The statement that: "... in no case should the use of approximations be seen as an alternative to implementing appropriate systems and processes ..." (our italics), directly contradicts paragraph 3.27, which states: "The degree of appropriateness, completeness and accuracy of data ... should be consistent with the principle of proportionality ...". Clearly, the principle of proportionality should apply to the use of approximations.	Not agreed. CEIOPS fails to see the contradiction. Paragraph 3.26 emphasises the need to implement appropriate systems and processes. Paragraph 3.27 then continues by clarifying that the appropriateness of these systems and processes is subject to the principle of proportionality.
129.	Lucida plc	3.26.	This paragraph seems unduly onerous. It could well be that a certain risk is insignificant and is forecast to always remain so, in which case the need to implement appropriate systems and build historical databases would be disproportionate.	Partially Agreed. The paragraph mentions the collection of relevant information. The notion "material" will be included in the text.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

130.	ACORD	3.27.	ACORD believes that the use of standards can ease mapping undertakings, utilizing common data dictionaries can support translation tools which will assist in achieving the proportionality goals.	Noted.
131.	Association of British Insurers	3.27.	We fully support the application of the proportionality principle in defining the degree of appropriateness, completeness and accuracy of data.	Noted.
132.	CEA, ECO-SLV-09-438	3.27.	The CEA strongly agrees with this statement and welcomes the recognition of the principle of proportionality in setting data standards.	Noted.
133.	Lloyd's	3.27.	We agree and welcome the emphasis on proportionality when dealing with data.	Noted.
134.	PEARL GROUP LIMITED	3.27.	We fully support the application of the proportionality principle in defining the degree of appropriateness, completeness and accuracy of data.	Noted.
135.	Lloyd's	3.28.	We agree, but care is needed to ensure that simple techniques are not an excuse to collect less data.	Noted. The paragraph in no way alludes to the collection of less data.
136.	PricewaterhouseCoopers LLP	3.28.	We welcome the application of proportionality to data quality considerations and recommend that further guidance be developed to indicate how proportionality might be applied in different circumstances. As it stands, this guidance is limited to stating that proportionality should be applied but that it shouldn't impact on data quality.	Noted.
137.	ACA – ASSOCIATION DES COMPAGNIE	3.29.	While we agree with the principle of appropriateness, completeness and accuracy of data, we do fear excessive requirements on small businesses. Reinsurance and conservative tariff are here to help security. We appreciate that our concern is partially encountered in	Noted. The paragraph only highlights the possibility that certain data may present an interest in the future but does not

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	S D'ASSURAN CES DU		<p>the points 3.1.4.2.</p> <p>Small portfolio should not be charged with additional costs of developments on the sole hypothetical future that it could become bigger one day.</p> <p>See also general comment.</p>	oblige the undertaking to taken action upon that.
138.	ACORD	3.29.	Although proportionality principles are acknowledged, standardization processes propose equal rigor to the data definitions for both simple and complex risks by populating a common dictionary that is shared across lines of business.	Noted.
139.			Confidential comment deleted.	
140.	International Underwriting Association of London	3.29.	We are disappointed that reasoning for data deficiencies being present is limited to the nature and size of the portfolio, and deficiencies in the undertakings' internal processes of collecting, storing or validating data quality. As businesses (and indeed analysis techniques) evolve, data which may have been of lesser relevance may become more relevant in the future, and Paragraph 3.29 alludes to this. Evolving business needs are not a deficiency in the sense that they are as a result of a mistake or misunderstanding in the type of data that is required, and especially so where such data requirements were not reasonably foreseeable. There may also be times when the boundary between data that is desirable to have, and data that is becoming increasingly important in the valuation of technical provisions may not always be clear cut.	Noted. Lack of appropriate data due to evolving business needs therefore is not recognized as a data deficiency.
141.	Lloyd's	3.29.	An important concept is that future uses of data are not known and so collecting as much data as reasonably possible should be the standard.	Noted.
142.	ACORD	3.30.	ACORD agrees with the symmetric application of the proportionality principle where more complex risks are held to a higher level of data quality standards. Moreover, the degree of level 3 guidance	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			and usage of standardized data and processes becomes increasingly critical for more complex portfolios.	
143.	PricewaterhouseCoopers LLP	3.30.	<i>(Note:SDD-there's no text in the original PWC text either)</i>	
144.	ACORD	3.31.	ACORD acknowledges that in some markets there are a lower frequency of post-placement processes (e.g. claims) for complex risks that can be offset with more robust placement data and efficient processes. Collectively, industry standardization processes provide richer content contributed by a broader constituency based on experience. Gathering more relevant information at the point of sale from clients, intermediaries and third parties can help mitigate the clash between quantity and proportionality.	Noted.
145.	Association of British Insurers	3.31.	We agree with this statement. It is appropriate that the challenges faced by some undertakings when collecting relevant information are recognised.	Noted.
146.	CEA, ECO-SLV-09-438	3.31.	The CEA agrees with this statement. It is appropriate that the challenges faced by some undertakings when collecting relevant information are recognised.	Noted.
147.	Lloyd's	3.31.	We strongly agree. This is very important in some non-life commercial lines of business. Under circumstances where data is sparse, this should not prevent analyses being carried out but does place greater emphasis on expert judgement. We believe this is part of the technical provision methodology process rather than a data issue but welcome the statement.	Noted. Noted.
148.	PricewaterhouseCoopers LLP	3.31.	Further clarity might be provided on how documentation is a key aspect for this subject	Noted. Because the process is completed by the extensive use of expert opinion and

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

				judgements, documentation thereof is key to assure consistency in the process.
149.	ACORD	3.32.	Expand the second bullet to read: ".....processing of data including electronic interaction with external business partners"	Partially agreed. A specific reference to the quality of the channels used to collect data has been added.
150.	ECIROA	3.32.	Requirements on internal processes and procedures should be adapted for captives. Resources and manpower are limited and bureaucratic procedures will significantly increase the workload and running expenses without providing additional security in view of the relatively small accounting data involved compared to a standard insurance company.	Noted. This will need to relate to the application of the principle of proportionality.
151.	FERMA (Federation of European Risk Management Asso	3.32.	Requirements on internal processes and procedures should be adapted for captives. Most captives are not complex operations which require external audit functions, or sophisticated internal risk management functions. This should be taken into account when supervisors assess the internal control requirements for captives. Resources and manpower are limited and bureaucratic procedures will significantly increase the workload and running expenses without providing additional security in view of the relatively small accounting data involved compared to a standard insurance company.	See answer to previous comment.
152.	ACORD	3.33.	Data quality management is a continuous cycle rather than phases which must be continually repeated.	Agreed.
153.	ACORD	3.34.	ACORD recommends the voluntary development of a common data dictionary to assist companies in maintaining a list of data required to ensure consistency of that data. To further enhance quality, the data should be grouped in a variety of contexts then extended to fulfil the requirements. For example, an effective date has a	Noted. No change has been made to the text as this seems too detailed.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			specialized definition when applied to a claim. Ambiguous definitions result in inconsistent and inaccurate usage especially when integrating disparate systems.	
154.	Lloyd's	3.34.	Data dictionaries are useful and are recommended. However, the complexity involved in creating them should not be underestimated for larger companies or groups. This is another area where proportionality is key.	Noted.
155.	PricewaterhouseCoopers LLP	3.34.	The identification of the needs in terms of data should include both the required content as well as definitions of the required quality in terms of the standard quality criteria.	Noted. As a general rule, the required quality should relate to the standard quality criteria, without prejudice of the application of the principle of proportionality.
156.	Lloyd's	3.35.	We strongly agree that whilst rules are significant features of data validation they must not replace expert judgement. A combination of rules and judgement is required to validate data sufficiently.	Noted.
157.	Lloyd's	3.36.	We agree that the undertaking should take reasonable steps to remedy any identified situations but recognise these do not necessarily have to start immediately. For example, operational reasons may not make this possible. A key element is that the data is understood, even if there are perceived shortcomings. Any identified errors should be corrected immediately.	Partially agreed. This paragraph does not use the word 'immediately'. Nevertheless, the expression 'within an appropriate timeframe' has been added to alleviate the concerns.
158.	ACORD	3.37.	ACORD agrees that data quality must be monitored periodically. Validation is a critical part of the process.	Noted.
159.	Lloyd's	3.37.	It is important to review validations periodically but on a proportional basis. We suggest that the aim should be to complete thorough data validation annually, but not more frequently.	Partially agreed. A reference to the principle of proportionality has been added.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

160.	PricewaterhouseCoopers LLP	3.37.	As well as monitoring data quality, it should be clear that appropriate action should be taken where quality does not meet the required criteria and responsibility for addressing data quality issues should be formally assigned.	Agreed. A reference to the 'assignment of responsibilities' has been added.
161.	RBS Insurance	3.37.	We agree that data quality should be monitored. We believe certain aspects (eg- around accuracy and completeness) should be fully reviewed at every valuation eg- reconciliation to financial data systems, and other aspects (eg- appropriateness of the data) should be reviewed regularly, but on a less frequent basis unless there has been a material development or change in the risks affecting the book. We believe that changes in risk and data quality should be considered for each review at the planning stage and dealt with in the review as appropriate.	Not agreed. The scope and extent of reviews will depend on the specific circumstances, thus it seems hard to set specific rules.
162.	ACORD	3.38.	Bullet 1: Add that data standardization administered by an independent industry organization is essential to completeness and transparency. We suggest adding to the fifth bullet: usage of a market data standard should be considered wherever available	Not agreed. Market data standards may not be compatible with the needs of insurance undertakings.
163.	DENMARK: Codan Forsikring A/S (10529638)	3.38.	We agree strongly with this point	[Comment misplaced. Will be dealt with in CP42]
164.	Lloyd's	3.38.	We agree.	Noted.
165.	European Insurance CFO Forum	3.39.	Comments in 3.40 are also relevant here.	Noted.
166.	Lloyd's	3.39.	We strongly agree that the role of audit function and actuarial function are different and that both contribute to the data review process.	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

167.	European Insurance CFO Forum	3.40.	<p>The role of internal and external auditors is vague. It should be management’s decision as to when to use internal or external experts to validate the quality of data.</p> <p>The roles of internal auditors, external auditors and the actuarial function are vague. The paragraphs are trying to explain the different roles ensuring the quality of data however this is not clear.</p> <p>In particular, the “review” by the audit function appears to require an onerous test of the appropriateness of the data.</p> <p>Whilst a principles based approach is appropriate, the CFO Forum highlights that it should be management’s decision as to when to use internal or external experts to verify the quality of data. Management needs to establish that the data is complete and accurate and also fit for the purpose for which it will be used. Actuaries typically assess data suitability as part of their analyses and having selected the best data available make adjustments for weaknesses in that data.</p>	<p>Noted.</p> <p>The reference to internal auditor has been deleted.</p> <p>As stated in the paper, a more detailed description of the role and scope of the analysis of the external auditor and actuarial function is out of the scope of this paper. Please refer to CEIOPS CP33 on the system of governance.</p>
168.	Groupe Consultatif	3.40.	<p>We generally agree with this description of the respective approaches of the auditor (internal or external) and the actuarial function as set out in this paragraph and in 3.41.</p>	<p>Noted.</p>
169.	International Underwriting Association of London	3.40.	<p>Confirmation that such audits can be conducted internally or externally would be helpful. Either internal or external audits should be adequate, with the most appropriate method of auditing left for firms to decide. Proportionality is also essential so as to ensure the formal and systematic examination and testing of data is not overly burdensome on firms. Furthermore, we would anticipate that the frequency of the review will vary from firm to firm, depending on the size and resources available to the firm in question, and the amount of data which is held; for this reason we hope a one-size-fits-all approach to frequency of reviews will not be adopted, as this is unlikely to be proportionate.</p>	<p>Noted.</p> <p>The reference to internal auditor has been deleted.</p> <p>As stated in the paper, a more detailed description of the role and scope of the analysis of the external auditor and actuarial function is out of the scope of this paper. Please refer to CEIOPS CP33 on the system of governance.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

170.	Lloyd's	3.40.	We agree.	Noted.
171.	PricewaterhouseCoopers LLP	3.40.	Audit procedures will tend to focus on completeness of data and accuracy between sources and from year to year, potentially focusing on high level reconciliations and sense checks. External auditors often place considerable reliance on internal management's own controls over the completeness and accuracy of data, subject to an appropriate assessment of the design and operating effectiveness of those controls.	Noted.
172.	European Insurance CFO Forum	3.41.	Comments in 3.40 are also relevant here.	Noted.
173.	Federation of European Accountants (FEE)	3.41.	<p>According to paragraph 3.41 the actuarial function will be required to 'review' the quality of data and paragraphs 3.41 and 3.80 refer to the general principle, that the actuarial function should judge how much credibility should be assigned to historical data and to prospective assumptions.</p> <p>It is not clear what the role of the auditor regarding the validation of the quality of the data is. We therefore recommend providing more clarification on the differences between the role of actuaries and the role of auditors with regard to the quality of data.</p>	<p>Noted.</p> <p>The reference to internal auditor has been deleted.</p> <p>As stated in the paper, a more detailed description of the role and scope of the analysis of the external auditor and actuarial function is out of the scope of this paper. Please refer to CEIOPS CP33 on the system of governance.</p>
174.	Lloyd's	3.41.	We agree. This is a key concept that the actuarial function is concerned with reasonableness and suitability of data and can rely on accuracy to some degree.	Noted.
175.	PricewaterhouseCoopers LLP	3.41.	Although it is clear in this paragraph that the review would not be conducted to the standard of an audit, it is not clear why this would be an 'informal' review. We suggest that the word 'informally' be removed.	Agreed.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

176.	SOGECORE	3.41.	We especially support this article in the sense that an actuarial review of the characteristics of data is of a much better relevance than audited (and reported) figures.	Noted.
177.	European Insurance CFO Forum	3.42.	Comments in 3.40 are also relevant here.	Noted.
178.	Lloyd's	3.42.	We agree but believe this is part of the technical provision methodology and not data collection, although it can influence data.	Noted.
179.	DENMARK: Codan Forsikring A/S (10529638)	3.43.	In the context of non-life insurance liabilities the allowance for "unavoidable" market risk adds additional complexity into an already complex area. It also unclear how double counting this allowance with that arising from market risk assessments can be avoided.	[Comment misplaced. Will be dealt with in CP42]
180.	Groupe Consultatif	3.44.	We agree the examples listed here and would add that the actuarial function should explain what steps have been taken to ensure that constraints on the scope of the available data have not had any significant distorting impact on the technical provisions.	Noted. The list is however not exhaustive and the example here given is covered by the 4th bullet point.
181.	Lloyd's	3.44.	We agree but this is part of the technical provision methodology especially if data adjustments are required. It is important that data is kept unadjusted and only as part of calculating technical provisions adjustments are made, based on expert judgement. However these adjustments should not affect or alter the underlying data.	Noted. Paragraph 3.44 is not in contradiction with the idea of conserving the unadjusted data as well. CEIOPS refers in that context also to paragraph 3.38, 4th bullet point
182.	ACORD	3.45.	The concept of "Views" of data is consistent with ACORD's approach to the standardization of common data within a variety of contexts. For example, a valuation analysis context dictates the inclusion or exclusion of global dictionary elements plus specialized attributes for the valuation methodology being used.	Noted.
183.	Lloyd's	3.46.	We agree that data requirements should be assessed generically	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			first and then checked against proposed methods, not the other way around. The main check is that data is adequate and suitable reasonably to estimate the technical provisions. The check is not that data is adequate for the proposed methods, as these could be unnecessarily complex. As such, the data standard is aspirational rather than a requirement.	
184.	DENMARK: Codan Forsikring A/S (10529638)	3.47.	In the context of non-life insurance liabilities the allowance for "unavoidable" market risk adds additional complexity into an already complex area. It also unclear how double counting this allowance with that arising from market risk assessments can be avoided.	[Comment misplaced. Will be dealt with in CP42]
185.	Lloyd's	3.48.	We agree but this is part of the technical provision methodology process.	Noted.
186.	DENMARK: Codan Forsikring A/S (10529638)	3.49.	It seems to us difficult how to assess the level of operational risk present in an empty reference entity, particularly if an internal model is being used to determine operational risk capital requirements. Further allocating operational risk calculated using an internal model will be hard to allocate to line of business, a process only introduced by CEIOPS advice in CP 42	[Comment misplaced. Will be dealt with in CP42]
187.	Lloyd's	3.49.	We agree but this is part of the technical provision methodology process.	Noted.
188.	Pricewaterho useCoopers LLP	3.49.	This paragraph is relatively unclear. Documentation should be made regarding the justification for the definition of and treatment of outliers.	Agreed. The paragraph will be amended accordingly.
189.	Lloyd's	3.50.	We agree but this is part of the technical provision methodology process.	Noted.
190.	Pricewaterho useCoopers LLP	3.50.	This list could also include changes to the external environment, such as propensity to claim.	Agreed but covered under the 4th bullet point

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

191.	ACORD	3.51.	A lot of data emerges from “external” sources – not only “market data” but data related to business origination is often collected by intermediaries (brokers, agents etc.) – this aspect of capturing data at the source or by intermediaries leads to usage of standards to ensure appropriateness, completeness, accuracy.	Noted. It is the insurance and reinsurance undertakings that need to have the processes and procedures in place to ensure the appropriateness, completeness and accuracy of the data used. The standards used to ensure this therefore only indirectly apply where the data is captured at the source or by intermediaries.
192.	ACORD	3.53.	ACORD agrees with making the verification of the three criteria (Appropriate, Completeness, and Accuracy) to all external and/or market benchmark information part of the provisioning analysis.	Noted.
193.	Lloyd’s	3.53.	We agree. It is important to recognise that different standards will be possible for internal and external data. For external data the emphasis should be on understanding the source and using expert judgement to assess reliability. It is impossible actually to validate the data and the level of reliance will form part of the technical provision methodology process.	Noted.
194.	Lloyd’s	3.54.	We agree.	Noted.
195.	ACORD	3.55.	As stated in the beginning, the goal needs to be the high quality of the data. Therefore the first sentence should stress that undertaking should strive to produce high quality data, not to monitor and assess the data. Assessment is a tool to achieve the overall goal.	Agreed. This general principle has been included.
196.	CEA, ECO-SLV- 09-438	3.55.	What constitutes “data” should be defined at level 2. The definition in 1.6 seems reasonable. However, as this is not contained in the blue box text presumably it will not be in the level 2 implementing measures and as such there could be inconsistent	Agreed.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>treatment across the different Member States.</p> <p>The CEA proposes the definition in paragraph 1.6 to be part of CEIOPS advice.</p> <p>The CEA asks CEIOPS for further details on whether the assessment of data quality has to be done in a qualitative or a quantitative way; for this later case how would a qualitative assessment look like?</p> <p>Nonetheless it is crucial to recognize that in the practical application of such principles, a certain degree of subjectivity is inevitable. Expert judgment and professional skills of actuaries involved in the exercise will be necessary to assure the correct application of those principles in a qualitative manner.</p> <p>CP58 on reporting states, in paragraph 3.251, what has to be reported in case of data used in internal models. We would like to know from CEIOPS what would be the requirements in case of non users of internal models. We stress that any requirement must comply with portfolio's confidentiality.</p>	<p>This seems to be covered in the paper, as it is implied that these two dimensions can be considered, by stating that the assessment of data quality may make use of adequate objective measures and indicators, but it cannot be dissociated from expert judgment.</p> <p>The issue of reporting is out of the scope of this paper. Please refer to CP58</p>
197.	European Insurance CFO Forum	3.55.	<p>Standardisation of data is not necessarily a cost effective option.</p> <p>Companies that have grown through acquisitions and mergers may have a number of legacy systems and even where systems have been consolidated, the features of legacy data may differ due to the information recorded on prior systems.</p> <p>It is appropriate for Solvency II to set out requirements for good quality data; however, those requirements should not create precedents for extensive standardisation of data. Insurance is constantly changing and creating new demands for data that require flexibility and responsiveness not achieved by a standard approach.</p>	<p>Noted.</p> <p>The criteria set should not be seen as a standardisation of data. The definition of the criteria is of a principles-based nature.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

198.	FFSA	3.55.	<p>CEIOPS says that undertaking should assess and monitor the quality of the data used in the valuation of their technical provisions.</p> <p>FFSA wants to know:</p> <ul style="list-style-type: none"> - First whether this assessment has to be estimated by a qualitative or a quantitative way, and in that case how it is assumed to be estimated. - Second, FFSA wants to know how this assessment has to be used, in term of disclosures and publication. FFSA stresses that any assessment must comply with portfolio's confidentiality. 	<p>Noted.</p> <p>See answer to comment 196.</p> <p>The issue of disclosure is out of the scope of this paper. Please refer to CP58</p>
199.	German Insurance Association – Gesamtverb and der D	3.55.	<p>The definition in 1.6 seems reasonable. However, as this is not contained in the blue box text presumably it will not be in the level 2 implementing measures: GDV proposes the definition in paragraph 1.6 to be part of CEIOPS advice.</p> <p>It is crucial to recognize that in the practical application of such principles, a certain degree of subjectivity is inevitable. Expert judgment involved in the exercise will be necessary to assure the correct application of those principles in a qualitative manner.</p>	Agreed.
200.	Lloyd's	3.55.	We agree.	Agreed.
201.	ROAM –	3.55.	<p>CEIOPS says that undertaking should assess and monitor the quality of the data used in the valuation of their technical provisions.</p> <p>ROAM wants to know:</p> <ul style="list-style-type: none"> - First whether this assessment has to be estimated in a qualitative or a quantitative way, and in that case how it is assumed to be estimated. 	See answer to comment 198

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>- Second, ROAM wants to know how this assessment has to be used, in term of disclosures and publication. ROAM stresses that any assessment must comply with the portfolio's confidentiality.</p> <p>ROAM thinks that the principle of proportionality should be underlined/applied.</p>	CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.
202.	XL Capital Ltd	3.55.	We broadly agree with the three criteria proposed for the basis of assessment of data quality used in the valuation of technical provisions (appropriateness, completeness, and accuracy).	Noted.
203.	ACORD	3.56.	ACORD agrees internal data processes should be established and documented, including electronic interchange with business partners.	Noted.
204.			Confidential comment deleted.	
205.	CEA, ECO-SLV-09-438	3.56.	The CEA asks Ceiops about how the adequacy of the internal processes and procedures would be considered and evaluated, and by whom. The CEA would like to understand what the role of the supervisory authority is. This role should be potentially linked to Consultation Paper 56, which sets out three options for control functions of the supervisory authority (in §5.146-5.151).	<p>Noted.</p> <p>Please refer to CP33 on the system of governance.</p> <p>We note that CP56 refers to the specific case of internal models.</p>
206.	European Insurance CFO Forum	3.56.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
207.	FFSA	3.56.	<p>CEIOPS says that undertakings should have in place adequate internal processes and procedures.</p> <p>FFSA wants to know by whom and how the adequacy of these</p>	See answer to comment 205.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>internal processes and procedures would be considered and evaluated.</p> <p>FFSA understands that §3.39 to 3.41 set three roles (internal auditor, external auditor and actuarial function), but wonders what will be the role of supervisory authority since Consultation Paper 56 sets three options for control functions where supervisory authority takes place (in §5.146-5.151).</p>	
208.	German Insurance Association – Gesamtverband der D	3.56.	<p>The GDV asks CEIOPS about how the adequacy of the internal processes and procedures would be considered and evaluated, and by whom. This role should be potentially linked to Consultation Paper 56, which sets out three options for control functions of the supervisory authority (in §5.146-5.151).</p>	See answer to comment 205.
209.	Lloyd's	3.56.	<p>We broadly agree but note that the term "...relating to individual items" could be interpreted too strictly. It is not realistic to check the accuracy of every data item, as there can be literally millions of records. We would not include this and simply say "The assessment of the accuracy criteria should be carried out at a more granular level."</p>	<p>Not agreed CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.</p>
210.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.57.	<p>Higher data quality standard and methodology to calculate the best estimate could improve the precision of the estimation of technical provisions and decrease result's volatility. This point cannot be valorised in the SCR calculation, but is there penalty due to unsatisfactory data quality?</p>	Noted
211.	Association of British Insurers	3.57.	<p>We are concerned that there might be some overlap here with CP 56, regarding statistical quality standards (par 5.176). We would imagine that when using an internal model, undertakings would apply the requirements set out in CP 56 whilst undertakings using</p>	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>the standard formula would comply with this CP 43.</p> <p>The requirements for data quality of appropriateness, completeness and accuracy should be seen as principles. Data quality requirements should be considered case by case.</p>	
212.			Confidential comment deleted.	
213.	CEA, ECO-SLV- 09-438	3.57.	Following the content of paragraphs 3.57 to 3.61 of this consultation paper and the content of paragraph 5.176 of the Consultation Paper 56, the CEA expects CP 43 to apply in case of users of the standard formula and CP56 to apply in case of users of internal models. CEIOPS should make clear if this is not the case.	Noted
214.	CRO Forum	3.57.	<p><u>Appropriateness, completeness and accuracy of data</u>: we agree with these concepts and their definition. In the practical application of such principles a certain degree of subjectivity is inevitable. Expert judgment and professional skills of actuaries and technicians involved in the exercise will be necessary to assure the correct application of those principles.</p> <p>Appropriateness, completeness and accuracy must be verified in conjunction with the principle of <u>proportionality</u>. We agree with it and we underline its importance. Moreover we agree that this should not be a justification to lower the general standards for the data collection process (3.29) but we believe it is important that proportionality is applied symmetrically (3.30) where increased attention is paid towards high risk parts of the portfolio.</p> <p>Application of proportionality principle also requires subjectivity, nevertheless we refer to CP45 for comments on the practical application of such principle.</p>	<p>Noted.</p> <p>CEIOPS notes that the principle of proportionality applies to all Solvency II requirements, even if not directly stated.</p>
215.	European	3.57.	Comments in 3.55 are also relevant here.	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	Insurance CFO Forum			
216.	German Insurance Association – Gesamtverband der D	3.57.	Following the content of paragraphs 3.57 to 3.61 of this consultation paper and the content of paragraph 5.176 of the Consultation Paper 56, the GDV expects CP 43 to apply in case of users of the standard formula and CP56 to apply in case of users of internal models. CEIOPS should make clear if this is not the case.	Noted
217.	Lloyd’s	3.57.	We agree.	Noted
218.	PEARL GROUP LIMITED	3.57.	We are concerned that there might be some overlap here with CP 56 on statistical quality standards (par 5.176). We would imagine that when using an internal model, undertakings would apply the requirements set out in CP 56 whilst undertakings using the standard formula would comply with this CP 43.	Noted
219.	XL Capital Ltd	3.57.	The section “Appropriateness, completeness and accuracy of data” in paragraphs 3.57 to 3.63 seems to overlap with CP56 paragraphs 5.176 and 5.177. We suggest one consistent wording be agreed and used in both papers.	Noted
220.	ACA – ASSOCIATION DES COMPAGNIES D’ASSURANCES DU	3.58.	<p>The first condition in order to have appropriate data is to identify exactly what is needed in each calculation. Thanks to a precise definition of every data and treatment (due to reinsurance, gross/net, fees...) we could determinate if information is appropriate. Any doubts or any ambiguity could be worse than an approximation to obtain the data.</p> <p>A good example (even if here it is not about the calculation of technical provision) :</p> <p>http://www.ceiops.eu/media/docman/public_files/consultations/QIS/CEIOPS-DOC-12-08%20Q%20and%20A%20document%2020080708.doc</p>	<p>Noted.</p> <p>TS.II.A.13 specifies that the BE should be calculated GROSS</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>Question:</p> <p>TS.XIII.B.11: The Technical Specifications specify PCO(j,lob) as follows: "best estimate for claims outstanding in geographical area j in each of the LoBs". It is not clear, though, whether PCO(j,lob) is to be understood gross or net of reinsurance. The rest input data are all net amounts.</p> <p>Answer:</p> <p>The best estimate for claims outstanding PCO(j,lob) should be calculated net of reinsurance.</p>	
221.	Association of British Insurers	3.58.	<p>See comments under 3.57</p> <p>We would also stress the importance of using homogeneous data sets to avoid distortions which could arise when combining dissimilar business.</p>	Noted
222.	CEA, ECO-SLV-09-438	3.58.	<p>In order to comply with Article 79, there should also be a reference that the data is sufficiently homogeneous.</p> <p>Article 79 of the Directive states that "insurance and reinsurance undertakings shall segment their insurance and reinsurance obligations into homogeneous risk groups, and as a minimum by lines of business, when calculating their technical provisions". This segmentation applies to the data used to set assumptions and calculate technical provisions.</p>	<p>Disagreed</p> <p>The requirement of homogeneous risk groups is under the completeness criteria, so the principle stated by art.79 is considered.</p> <p>A specific reference is also in par. 3.10</p>
223.	European Insurance CFO Forum	3.58.	<p>Comments in 3.55 are also relevant here.</p>	Noted
224.	Groupe Consultatif	3.58.	<p>"Directly relates to the exact underlying risk driver" is too strong. "Directly" should be deleted. Data will rarely relate to the exact</p>	Disagreed

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			underlying risk drivers.	
225.	Lloyd's	3.58.	We agree.	Noted
226.	PEARL GROUP LIMITED	3.58.	We would stress the importance of using homogenous data sets, subject to materiality, to avoid distortions which could arise when combining dissimilar business.	Disagreed The requirement of homogeneous risk groups is under the completeness criteria, so the principle stated by art.79 is considered. A specific reference is also in par. 3.10
227.	Association of British Insurers	3.59.	See comments under 3.57	Noted
228.	CEA, ECO-SLV-09-438	3.59.	The CEA asks for confirmation from Ceiops that data issued from replicating portfolio techniques could be considered as relevant for the valuation of the portfolio techniques, since it is in agreement with the definition of "data" given in §1.6.	Please refer to CEIOPS CP41.
229.	European Insurance CFO Forum	3.59.	Comments in 3.55 are also relevant here.	Noted
230.	Lloyd's	3.59.	We agree.	Noted
231.	PEARL GROUP LIMITED	3.59.	See comments under 3.57	Noted
232.	Association	3.60.	See comments under 3.57	

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	of British Insurers		<p>2nd bullet point</p> <p>We believe this could prove quite difficult to implement: the more granularity is required the harder it is to have a 'full understanding' of the behaviour of the underlying risks. "Full understanding" is aspirational rather than practical standard. It should read "good understanding" or "detailed understanding" to give a high but practical requirement.</p> <p>We understand that the requirement for data to cover all items needed for the calculation of technical provisions is embedded in the requirement of "suitability for the intended purpose".</p>	<p>Disagreed</p> <p>Noted</p>
233.	CEA, ECO-SLV-09-438	3.60.	<p>The CEA agrees that for the data to be complete it should recognise all the main risk groups. However, this will not happen if the data is not appropriately segmented and hence our comments on 3.58 above.</p> <p>Further the CEA asks Ceiops about the criteria to be used in judging the relative importance of risk groups.</p> <p>We understand that the requirement for data to cover all items needed for the calculation of technical provisions is embedded in the requirement of "suitability for the intended purpose".</p> <p>With reference to the second bullet point, a full understanding of the behaviour of underlying risks is not always possible, in particular when the data becomes too granular.</p> <p>We suggest rewording this point as follows:"it has sufficient granularity to allow for the identification of trends and to the an understanding of the behaviour of the underlying risks"</p>	<p>Noted</p> <p>Noted</p> <p>Disagreed</p>
234.	European	3.60.	Comments in 3.55 are also relevant here.	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	Insurance CFO Forum			
235.	European Union member firms of Deloitte Touche To	3.60.	See comments on para. 3.11.	Noted
236.	German Insurance Association – Gesamtverb and der D	3.60.	With reference to the second bullet point, a full understanding of the behaviour of underlying risks is not always possible, in particular when the data becomes too granular. We suggest rewording this point as follows: “it has sufficient granularity to allow for the identification of trends and to the full an understanding of the behaviour of the underlying risks”	Disagreed
237.	Groupe Consultatif	3.60.	Bullet Point 2 is too strong. “Adequate” is better. See 3.11.	Disagreed
238.	Lloyd’s	3.60.	We agree and welcome the reference to “main homogeneous risk groups” and agree that materiality plays a role in data collection and processing.	Noted
239.	PEARL GROUP LIMITED	3.60.	2nd bullet point We believe this could prove quite difficult to implement: the more granularity is required the harder it is to have a ‘full understanding’ of the behaviour of the underlying risks.	Disagreed
240.	RBS Insurance	3.60.	1st bullets. Agree. Have taken this to mean risk groups as defined by the nature of liabilities, rather than CEIOPS lines of business or risk groups from a pricing perspective. We suggest removal of the	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>word "liability" from the first bullet to avoid confusion with the liability line of business.</p> <p>2nd bullet, "to allow for a full understanding of the behaviour of the underlying risks" is not achievable. We suggest a revised wording "to allow for understanding the range of expected behaviour of the underlying risks".</p>	<p>Disagreed</p> <p>Disagreed</p>
241.	ACORD	3.61.	<p>Shouldn't the definition of accurate include the consistency across undertakings' and geographies?</p> <p>In general, any changes by CEIOPIS to previous paragraphs in this paper need to be reflected in chapters 3.61 – 3.81 (we did not list all our suggestions again)</p>	<p>Noted.</p> <p>Consistency across undertakings and geographies is not a definition, but rather the goal that one wants to achieve. It is ensured by having the same principles and the same definition of the criteria.</p>
242.	Association of British Insurers	3.61.	<p>A key test for data accuracy is that is be relied upon throughout the undertaking for business decisions. If one can reconcile the main body of data to management accounts then that test would presumably be satisfied. However, it may not be the case that external data is used throughout the undertakings operations for decision-making processes. Similar problems may arise with other collateral data and specific ad-hoc data subsets that are not directly comparable with accounts. In general terms this aspect of the data accuracy test may only be appropriate for the main body of premium and claims data.</p> <p>"The recording of information is adequate and kept consistent across time" – this will need to be assessed on a contextual basis as the need for type of information might arise in the future, due to e.g. modifications in regulatory context, mergers or evolution of IT systems techniques.</p> <p>See also comments under 3.57</p>	<p>Noted</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			demonstrate the credibility of data sets.	
248.	Lloyd's	3.61.	<p>Although we agree with most of these points, we do not agree with the second bullet point.</p> <p>This says that the recording of information needs to be "kept constant over time". This is not correct as, for example, extra data items could be recorded over time which would improve the data. Yet the data would remain accurate.</p> <p>We agree that consistency should be key and would emphasise that data collection needs to be reliable and consistent, but not necessarily constant.</p> <p>We agree to the concept of demonstrating use and would replace "must" with "should normally". Therefore an undertaking should normally recognise the data set are reliable by using the data. There would be circumstances that data was used for setting technical provisions that may not be used elsewhere in the organisation.</p>	<p>Disagreed</p> <p>The advice text doesn't use the word "constant" but "consistent" over the time.</p> <p>Disagreed</p> <p>This is a crucial requirement that could not be respected "normally"</p>
249.	PricewaterhouseCoopers LLP	3.61.	<p>It is not clear why the use of data throughout the undertaking's operations and decision-making processes impacts on the accuracy of data – accuracy is typically an objective assessment not linked to the use or otherwise of data.</p> <p>Recognition of data set credibility through use might be considered to be more aligned to the appropriateness of data, which is a more subjective measure.</p>	Noted
250.	RBS Insurance	3.61.	We suggest removal of the 3rd bullet as this is almost a definition of accurate, and it is not clear what is being required here in addition to that covered by the 4th bullet.	Disagreed
251.	Association of British	3.62.	We broadly agree with CEIOPS that whilst proportionality should apply to determine the degree of appropriateness, completeness	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	Insurers		and accuracy of data, this should not result in lower standards.	
252.	CEA, ECO-SLV- 09-438	3.62.	<p>Proportionality should be applied to the whole process and not just part of it.</p> <p>While this paragraph states that a proportionate approach to the requirements for appropriateness, completeness and accuracy is required it goes on to say that this doesn't apply to data collection procedures.</p> <p>The CEA suggests that this section is redrafted as follows: "In the context of the calculation of technical provisions, the degree of appropriateness, completeness and accuracy of the data expected from the insurer should be consistent with the principle of proportionality, although this should not result in a lower of data collection standards where this can be reasonably avoided.</p>	Noted
253.	DENMARK: Codan Forsikring A/S (10529638)	3.62.	We think the calculation of line of business SCRs might be non-trivial depending on the design of the internal model. Further such calculations at Group level could become very complex and may not be a natural product of the internal model design	[Comment misplaced. Will be dealt with in CP42]
254.	European Insurance CFO Forum	3.62.	Comments in 3.55 are also relevant here.	Noted
255.	German Insurance Association - Gesamtverb and der D	3.62.	<p>Proportionality should be applied to the whole process and not just part of it.</p> <p>While this paragraph states that a proportionate approach to the requirements for appropriateness, completeness and accuracy is required it goes on to say that this doesn't apply to data collection procedures.</p> <p>The GDV suggests that this section is redrafted as follows: "In the</p>	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			context of the calculation of technical provisions, the degree of appropriateness, completeness and accuracy of the data expected from the insurer should be consistent with the principle of proportionality, although this should not result in a lower of data collection standards where this can be reasonably avoided.	
256.	Lloyd's	3.62.	We agree.	Noted
257.	PricewaterhouseCoopers LLP	3.62.	<p>It is not clear how the application of proportionality to data quality would vary the degree of appropriateness, completeness and accuracy of data in any way other than the lowering of the general standards and efforts to ensure the appropriateness, completeness and accuracy of data. It may help to give examples of how proportionality might be applied, for example to accuracy of data, in such a way that standards of the collection of data procedures are not lowered.</p> <p>Alternatively, or additionally, it may be helpful in the first sentence of this paragraph to make some reference to proportionality by line of business rather than by insurer. While the general data standards are maintained at a high level for the majority of an insurer's business, it may be reasonable for them to be lower for certain minor lines of business, in line with the principle of proportionality.</p>	Noted
258.	RBS Insurance	3.62.	For the avoidance of doubt, we believe proportionality should apply to the line of business and not the insurer.	Noted
259.	XL Capital Ltd	3.62.	We support the reference to proportionality in the application of the appropriateness, completeness, and accuracy criteria.	Noted
260.	European Insurance CFO Forum	3.63.	Comments in 3.55 are also relevant here.	Noted

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

261.	Lloyd's	3.63.	We agree.	Noted
262.	PricewaterhouseCoopers LLP	3.63.	It may be helpful to include further reference to the principle of proportionality here. Where this principle can be used to support more approximate provisioning methodologies, it is likely also to reduce the standards required of the data.	Noted
263.	CEA, ECO-SLV-09-438	3.64.	<p>The principle of proportionality should be used when assessing own data requirements.</p> <p>The CEA recommends that the wording be changed as follows: "Where the undertaking has only insufficient own data of appropriate quality available for the valuation of technical provisions, it should assess why this is the case and subject to proportionality, which options would be available to him to increase the quality and quantity of its data."</p> <p>The contextual barriers to improvements in quality and quantity of data should be considered. The organizational structure of some undertakings could not allow for any options on data mgmt to be implemented; cases of coinsurance and delegation of portfolio to brokers for example.</p> <p>CP58 on reporting states, in paragraph 3.251, what has to be reported in case of data used in internal models. We would like to find from Ceiops what would be the requirements in case of non users of internal models.</p>	<p>Agreed.</p> <p>Not agreed. Should the organisational structure of the undertaking be such that it does not allow the meant improvement, paragraph 3.68 applies.</p> <p>See CP58.</p>
264.	CRO Forum	3.64.	<p>Data deficiencies: we agree with these concepts, its definition and the actions suggested by CP43 to remedy eventual insufficient internal processes.</p> <p>As anticipated in the General Comments, we would suggest further clarifications on this topic, mainly clarifying that non historical data manipulation is allowed.</p>	<p>Noted.</p> <p>Not agreed. Further clarification is not needed as paragraph 3.23 is explicit on what is acceptable in specific circumstances.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

265.	European Insurance CFO Forum	3.64.	Comments in 3.55 are also relevant here.	Noted.
266.	FFSA	3.64.	<p>CEIOPS says that where the undertaking has only insufficient own data of appropriate quality available for the valuation of technical provisions, it should assess why this is the case and which options would be available to him to increase the quality and quantity of its data. FFSA wants to know to what extend the assessment has to be done: is it to be disclosed? Has it to be impacted on Solvency Requirement, and to what extend?</p> <p>FFSA disagrees with the part of the sentence saying that "to increase the quality and quantity of its data" since the organizational structure of the undertaking could not allow that type of improvement, e.g. in cases of reinsurance or coinsurance, and delegation of management of portfolio to brokers. FFSA thinks that this condition has to be submitted to the particular organizational context the undertaking is submitted to.</p>	<p>Noted. The paragraphs following paragraph 3.64 explain what actions need to be undertaken following the conclusion of insufficient own data. Disclosure nor a higher SCR are mentioned as follow-up actions.</p> <p>Not agreed. Should the organisational structure of the undertaking be such that it does not allow the meant improvement, paragraph 3.68 applies. The loss of control over the data collection process because of certain characteristics of the undertaking is dealt with in paragraph 3.14</p>
267.	German Insurance Association – Gesamtverb and der D	3.64.	<p>The principle of proportionality should be used when assessing own data requirements.</p> <p>The GDV proposes that the wording be changed as follows: "Where the undertaking has only insufficient own data of appropriate quality available for the valuation of technical provisions, it should assess why this is the case and subject to proportionality, which options would be available to him to increase the quality and quantity of its data."</p>	Agreed.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			The contextual barriers to improvements in quality and quantity of data should be considered; for example in cases of coinsurance and delegation of portfolio to brokers.	See resolution 263.
268.	Lloyd's	3.64.	We agree.	Noted.
269.	ROAM	3.64.	<p>CEIOPS says that where the undertaking has only insufficient own data of appropriate quality available for the valuation of technical provisions, it should assess why this is the case and which options would be available to the undertaking to increase the quality and quantity of its data. ROAM wants to know to which extent the assessment has to be made and if it has to be disclosed? Has it an impact on the Solvency Requirement, and if so, to which extent?</p> <p>ROAM disagrees with the part of the sentence saying that "to increase the quality and quantity of its data" since the organizational structure of the undertaking could not allow that type of improvement, e.g. in cases of reinsurance or coinsurance, and delegation of management of portfolio to brokers. ROAM thinks that this condition has to be submitted to the particular organizational context the undertaking is submitted to.</p>	See resolution 263.
270.	ACORD	3.65.	Add to the last bullet..." electronic interaction with external business partners."	Agreed.
271.	European Insurance CFO Forum	3.65.	<p>The CFO Forum recommends that undertakings should also assess the potential impact of the data deficiencies.</p> <p>Comments in 3.55 are also relevant here.</p>	Noted.
272.	International Underwriting Association of London	3.65.	Some slight clarification on what constitutes "external data" would be useful. Reference is made to third-parties or market data, but could external data also refer to data obtained from a related entity, say within an insurance group? Or does this solely refer to data assimilated outside of the entity and the insurance group?	See text of CP under 3.65

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

273.	Lloyd's	3.65.	We agree.	Noted.
274.	Association of British Insurers	3.66.	The requirement to act immediately is too onerous (and unnecessary) if the deficiency is not material (or is in respect of an immaterial class of business). The speed of correction should be proportionate to the nature and scale of the deficiency.	Agreed. See resolution 113
275.			Confidential comment deleted.	
276.	CEA, ECO-SLV-09-438	3.66.	<p>A practical and proportionate approach to changing internal processes should be allowed</p> <p>The first sentence of this point states that where deficient data is related to internal processes, the 'undertaking should take immediate measures to remedy this situation'. This can require significant admin/IT changes and in some cases may not be possible on a cost-benefit analysis, as implied in the paper (by the second bullet point of 3.65 and also 3.68).</p> <p>We suggest rewording to allow for a more practical and proportionate approach as follows:</p> <p>"Where the data deficiency is related to insufficient internal processes and is material, the undertaking should take <i>immediate</i> appropriate steps to improve the quality of data, where both feasible and necessary'.</p> <p>We would expect that in the case where improvement is not possible, approximations would be allowed (as stated in 3.68).</p>	<p>Agreed. See resolution 113</p> <p>Agreed as this is already the case.</p>
277.	European Insurance CFO Forum	3.66.	Comments in 3.55 are also relevant here.	Noted.
278.	FFSA	3.66.	CEIOPS says that where the data deficiency is related to insufficient internal processes, the undertaking should take immediate	Agreed. See resolution 113

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>measures to remedy this situation.</p> <p>FFSA disagrees with the term "immediate measure", since it is not reasonable and appropriate for that kind of complex subject. FFSA thinks this sentence has to be rewritten as "the undertaking should take measures to remedy this situation."</p>	
279.	<p>German Insurance Association – Gesamtverb and der D</p>	3.66.	<p>A practical and proportionate approach to changing internal processes should be allowed</p> <p>The first sentence of this point states that where deficient data is related to internal processes, the 'undertaking should take immediate measures to remedy this situation'. This can require significant admin/IT changes and in some cases may not be possible on a cost-benefit analysis, as implied in the paper (by the second bullet point of 3.65 and also 3.68). We suggest rewording to allow for a more practical and proportionate approach as follows:</p> <p>"Where the data deficiency is related to insufficient internal processes and is material, the undertaking should take immediate appropriate steps to improve the quality of data, where both feasible and necessary'.</p> <p>We would expect that in the case where improvement is not possible, approximations would be allowed (as stated in 3.68)</p>	Agreed. See resolution 276.
280.	GROUPAMA	3.66.	<p>If deficiency is related to insufficient internal processes, the undertaking should take immediate measures to remedy this situation.</p> <p>Groupama understands that the undertaking should implement as soon as possible a plan of action to deal with the insufficiency. As some issues could be difficult to resolve, it could not exist "immediate" answer. We suggest CEIOPPS rewriting this paragraph</p>	Agreed. See resolution 113

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			clarifying those points.	
281.	Lloyd's	3.66.	<p>We broadly agree but note that the phrase "immediately" is too onerous. The undertaking should take reasonable steps to remedy the any identified situations but recognise these do not have to not start immediately and should be subject to proportionality. For example, operational reasons may not make this possible.</p> <p>Specific mention of the application of proportionality is important. Take, for example, a run-off portfolio of short-tail exposures. This might be missing, say, one data item which was not recorded on the IT systems when the business was written. A long and expensive inspection of records could identify the missing data item and complete the data records. However, for a mature, short tail portfolio, such action would be entirely disproportionate to the benefit derived. The draft measure implies that such work must be done, regardless of cost and benefit.</p> <p>Any identified errors should be corrected immediately, subject to proportionality.</p>	Agreed. See resolution 113
282.	PEARL GROUP LIMITED	3.66.	<p>"where the data deficiency is related to insufficient internal processes, the undertaking should take immediate measures to remedy this situation" This isn't appropriate. This should read "where the data deficiency is related to insufficient internal processes, the undertaking should put this issue into it's process for dealing with issues where it will be prioritised against any other issues being worked on."</p>	Agreed. See resolution 113
283.	PricewaterhouseCoopers LLP	3.66.	<p>Some measures to remedy insufficient internal processes may take some time to implement depending on the nature of the deficiency. Measures should be identified immediately and implemented in an appropriate timescale to address the deficiency. Where appropriate measures cannot be taken within an appropriate timescale, consideration should be given to mitigating or temporary measures, for example the establishment of a temporary additional provision.</p>	Agreed. See resolution 113

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

284.	RBS Insurance	3.66.	Refers back to 3.22	Agreed. See resolution 113
285.	XL Capital Ltd	3.66.	In transitioning to Solvency II undertakings may need to make systems improvements to enhance data quality. It is possible that some historical data from legacy systems may not meet the standards prescribed in CP 43 and we would welcome CEIOPS acknowledgment of the need for transitional arrangements.	Not agreed. Implicitly a transitional regime is foreseen as it is acknowledged that historical data may need adjustment in well defined circumstances.
286.	Association of British Insurers	3.67.	Judgemental data adjustments should be justified and documented. It may not be possible to objectively justify a judgemental adjustment, if it were it might arguably cease to be a judgement. It may be sufficient to document with reasoning. We suggest omitting the word "justify" but leave "document".	Not agreed. In the particular circumstance envisaged under this paragraph there is an objective reason for the adjustment and therefore a justification can be given.
287.	CEA, ECO-SLV-09-438	3.67.	When historical data show claim trends that cannot be adopted for projecting future trends one of the approaches is to adjust assumptions and not change the historical data. Consequently we would suggest emphasising that no manipulation is allowed and that the future projections should be made by adopting proper assumptions clearly explained. "Adjustments" or more generally data transformations are usually an integral part of data analysis and are not a characteristic of data quality.	Noted. CEIOPS refers to CP39, chapter 3.9. Noted. The analysis of the data leading to the conclusion of insufficient data quality gives rise to the need for data transformation. In CEIOPS view there is a clear link between data that is transformed and the quality of that data.
288.	European Insurance CFO Forum	3.67.	Comments in 3.55 are also relevant here.	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

289.	European Union member firms of Deloitte Touche To	3.67.	See comment on para. 3.24	Noted.
290.	German Insurance Association – Gesamtverb and der D	3.67.	“Adjustments” or more generally data transformations are usually an integral part of data analysis and are not a characteristic of data quality.	See resolution 287.
291.	Groupe Consultatif	3.67.	See 3.24	Noted.
292.	Lloyd’s	3.67.	We agree. We do not believe it is appropriate for an undertaking to adjust the data on systems/storage (i.e. at source). We also believe that adjustments to data, other than corrections, should be made as part of the technical provisions process but not the data collection process, which should keep a “clean” data set wherever possible.	Noted.
293.	European Insurance CFO Forum	3.68.	Comments in 3.55 are also relevant here.	Noted.
294.	Groupe Consultatif	3.68.	An undertaking can not assume a 100% responsibility for the data quality. Particularly in life insurance the company needs mortality tables and prognoses for future mortality. This can only be done if reliable general information is available with respect to the whole population mortality, particularly for the smaller countries. The availability of mortality information is within the responsibility of the Government, Official Statistical offices etc., perhaps in	Noted.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			cooperation with the Actuarial Society or the Insurance Industry. The data should be detailed (age/gender) and has to be updated frequently. Without this, the insurance company will not be able to set up reliable high data quality as demanded in CP 43.	
295.	Lloyd's	3.68.	We strongly agree and this is very important in some non-life commercial lines of business. Under circumstances where data is sparse this should not prevent analyses being carried out but does place greater emphasis on expert judgement. We believe that this is part of the technical provision methodology process rather than a data issue but welcome the statement.	Noted.
296.	ACORD	3.69.	Reference should be to the data quality management cycle, not phases.	Agreed.
297.	DENMARK: Codan Forsikring A/S (10529638)	3.69.	We agree that the concept of risk margin only makes sense at net of reinsurance level.	[Comment misplaced. Will be dealt with in CP42]
298.	European Insurance CFO Forum	3.69.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
299.	Lloyd's	3.69.	We agree.	Noted.
300.	RBS Insurance	3.69.	We suggest rewording of the 3rd bullet to "resolution of the material problems identified"	Agreed.
301.	ACORD	3.70.	ACORD recommends that definition of data also include a common agreement as to the definitions of the data to be collected.	Not agreed. The suggestion is not clear.
302.	European	3.70.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	Insurance CFO Forum			
303.	Lloyd's	3.70.	Data dictionaries are useful and are recommended. However, the complexity involved in creating them should not be underestimated for larger companies or groups. This is another area where proportionality is key.	Noted.
304.	PricewaterhouseCoopers LLP	3.70.	Needs in terms of data should comprise both the content of the data and the required quality of the data. Without the identification of required quality, the assessment of the quality of available data cannot be undertaken, as data quality is a relative measure (to need) and not an absolute one.	See answer to comment in 3.34.
305.			Confidential comment deleted.	
306.	CRO Forum	3.71.	„...have to be validated by experts.” – our interpretation is that the term 'expert' used here and in other instances in the paper, refer to any relevant personnel within the undertaking and not exclusively to members of the Actuarial Function.	See answer to previous comment.
307.	European Insurance CFO Forum	3.71.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
308.	Lloyd's	3.71.	We strongly agree that whilst rules are significant features of data validation they must not replace expert judgement. In reality a combination of rules and judgement is required to validate data sufficiently.	Noted.
309.	RBS Insurance	3.71.	Agree the results of the assessment of quality require review, with expert judgement being applied by the end data user.	Noted.
310.	ACORD	3.72.	Internal data validation procedures are critical. Benchmarking against international quality standards should be considered.	Not agreed. International quality standards may not be relevant for the purpose of ensuring good quality

Summary of Comments on CEIOPS-CP-43/09				CEIOPS-SEC-106/09
Consultation Paper on the Draft L2 Advice on TP - Standards for data quality				
				data for valuing technical provisions.
311.	European Insurance CFO Forum	3.72.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
312.	Lloyd's	3.72.	<p>We agree that the undertaking should take reasonable steps to remedy any identified situations but recognise these do not necessarily have to start immediately. For example, operational reasons may not make this possible.</p> <p>A key element is that data is understood, even if there are perceived shortcomings. Any identified errors should be corrected immediately.</p>	See answer to comment 157.
313.	RBS Insurance	3.72.	Agree insurer should try to continually improve collection, storage etc. Materiality and costs of remedy of data need to be borne in mind as perfect data may not be required.	<p>Noted.</p> <p>The principle of proportionality is always applicable.</p>
314.	ACA – ASSOCIATION DES COMPAGNIES D'ASSURANCES DU	3.73.	"Data quality should be monitored periodically". According to the reality of management system, the periodicity of control could be adapted. But which level of monitoring do you really expect? To increase significantly this level should have a positive impact on the operational risk and also have a quantitative effect.	<p>Noted.</p> <p>A reference to the principle of proportionality has been added.</p>
315.	Association of British Insurers	3.73.	We agree expert judgement will need to play a key role in the monitoring of data quality.	Noted.
316.			Confidential comment deleted.	
317.	CEA, ECO-SLV-	3.73.	The CEA draws on the different roles of auditors and actuaries on reviewing the data and concludes that the monitoring for purpose of calculating technical provision should not be linked to deep and	<p>Noted.</p> <p>The paper does not link the</p>

Summary of Comments on CEIOPS-CP-43/09				CEIOPS-SEC-106/09
Consultation Paper on the Draft L2 Advice on TP - Standards for data quality				
	09-438		complete audit process. Main reasons would be: time-consuming, link of data processes to automatic IT processes.	monitoring of data quality to the audit process.
318.	European Insurance CFO Forum	3.73.	Clarification is required as to whether performance indicator measurement is an explicit requirement. If not, then this paragraph is unnecessary as 3.77 covers quality assessment. Comments in 3.55 are also relevant here.	It is not an explicit requirement, but we deem it useful as it highlights that the process may involve two dimensions: quantitative and qualitative. See answer to comment in 3.55.
319.	FFSA	3.73.	CEIOPS says that data quality should be monitored periodically, and that this process should be based, namely, on data quality performance indicators, but expert judgment needs to play a key role in the analysis. FFSA considers that the periodicity of that monitoring could not be reasonably linked to deep and complete audit process, since: 1/ it is very time-consuming 2/ data processes are based on IT systems which are automatic. FFSA thinks that the periodicity of this monitoring should be considered through a rotation, after a first review of data quality.	See answer to comment 317.
320.	Lloyd's	3.73.	It is important to review validations data periodically and on a proportional basis. We suggest that the aim is to complete thorough data validation annually, but not more frequently.	See answer to comment 159.
321.	PEARL GROUP LIMITED	3.73.	We agree expert judgement will need to play a key role in the monitoring of data quality.	Noted.
322.	PricewaterhouseCoopers LLP	3.73.	Further guidance on the expectations for monitoring of data quality and how the appropriateness of such monitoring should be evaluated would be helpful.	Noted. CEIOPS considers that to be too

Summary of Comments on CEIOPS-CP-43/09				CEIOPS-SEC-106/09
Consultation Paper on the Draft L2 Advice on TP - Standards for data quality				
				detailed for Level 2 implementing measures.
323.	RBS Insurance	3.73.	Refer to 3.37	See answer to comment in 3.37.
324.	ROAM	3.73.	<p>CEIOPS says that data quality should be monitored periodically, and that this process should be based, namely, on data quality performance indicators, but expert judgment needs to play a key role in the analysis.</p> <p>ROAM considers that the periodicity of that monitoring could not be reasonably linked to a deep and complete audit process, since:</p> <p>1/ it is very time-consuming</p> <p>2/ data processes are based on IT systems which are automatic.</p> <p>ROAM thinks that the periodicity of this monitoring should be considered through a rotation, after a first review of data quality.</p>	See answer to comment 317.
325.	European Insurance CFO Forum	3.74.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
326.	Lloyd's	3.74.	We agree.	Noted.
327.	PricewaterhouseCoopers LLP	3.74.	It is unclear what is meant by either a comprehensive or transparent basis in regard to registering and maintaining data. What is the definition, for example, of 'transparently maintained data'?	Agreed. See revised text.
328.	European Insurance CFO Forum	3.75.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
329.	Lloyd's	3.75.	We strongly agree.	Noted.
330.	Association	3.76.	This requirement is too wide. Requiring all information to be stored	Agreed.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	of British Insurers		<p>over time is unnecessary and may lead to IT / storage issues if this is kept ad-indefinitum. The scope should be narrowed to what is critical to keep over time (relevant historical data), and what should be kept for a limited period of time (e.g. 7 years). So for example, policy by policy data on lapses could perhaps be kept for 7 years, but summary statistics on lapse experience could be kept for a longer period of time.</p> <p>Furthermore, availability of data should increase over time – this should be subject to a reasonableness and use test. There could be valid reasons to truncate old data - changes in market or company processes could make the older data inappropriate to use. It would be unreasonable for a company to collect and store data if the expert opinion of the user of the data was to exclude it. More data could lead to less rather than greater clarity. In particular, the case of companies issued from the merger of several portfolios does not meet the standard requirements identified in this CP.</p>	See revised text.
331.			Confidential comment deleted.	
332.	CEA, ECO-SLV-09-438	3.76.	This requirement in its form is too onerous. We suggest rewording to allow for a more practical approach as follows: "Historical data, which are still relevant, ...".	Agreed. See revised text.
333.	CRO Forum	3.76.	We are unclear as to the meaning of "Historical data should generally be kept and its availability should increase". We interpret this as the bank of historical data will naturally increase over time, but would request seek clarification.	See revised text.
334.	European Insurance CFO Forum	3.76.	<p>The current requirements for historic data are onerous. Only relevant historical data should be required to be kept.</p> <p>Requirements for retaining historical data are onerous. Often historical data is inappropriate due to changes in contract design or changes in the underlying risk factors. It is unnecessary to store</p>	Agreed. See revised text.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>data that is unlikely to be useful in future.</p> <p>The proposals should be refined to say that “relevant historical data” should generally be kept and its availability should increase over time, however it is recognised that increasing sophistication in product pricing and design as well as changing risk characteristics may render older historical data inappropriate for future valuation exercises.</p> <p>Comments in 3.55 are also relevant here.</p>	See answer to comment in 3.55.
335.	German Insurance Association – Gesamtverband der D	3.76.	<p>This requirement in its form is too onerous. We suggest rewording to allow for a more practical approach as follows: “Historical data, which are still relevant, ...”.</p>	<p>Agreed.</p> <p>See revised text.</p>
336.	Groupe Consultatif	3.76.	<p>The necessity of broadening the data base in order to correctly assess heterogeneous portfolios is easily understood. However, proportionality and materiality may lead to judgmental adjustments by the actuarial function. This holds particularly true if data is sparse or lacks necessary statistical significance.</p>	<p>See revised text.</p> <p>We note, as highlighted in the paper, that judgmental adjustments should not overwrite the original data.</p>
337.	Lloyd’s	3.76.	<p>We agree. We interpret this to mean that the level of available data will increase over time as improvements to data collection occur.</p>	Noted.
338.	Munich RE	3.76.	<p>This requirement is too onerous. The sentence could be completed by “Historical data, which are still relevant, ...”.</p>	<p>Agreed.</p> <p>See revised text.</p>
339.	PEARL GROUP LIMITED	3.76.	<p>While historic data should generally be kept and the volume of data available will increase over time due to changes in processes / systems / market place etc. the data may no longer be appropriate to rely upon.</p>	<p>Agreed.</p> <p>See revised text.</p>
340.	Pricewaterho	3.76.	<p>Is it the availability of historical data that increases over time, or</p>	Agreed.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	useCoopers LLP		the volume of the data? While the availability / volume of data increases over time, it is important to note that its appropriateness may decrease for a wide variety of reasons, e.g. changing economic environment, medical improvements leading to increased life expectancy. Further guidance would be useful on the trade-off between volume (and hence statistical credibility) and relevance of data in this respect.	See revised text.
341.	ACORD	3.77.	Internal data validation procedures are critical. Benchmarking against international quality standards should be considered.	See answer to comment 310.
342.			Confidential comment deleted.	
343.	CEA, ECO-SLV- 09-438	3.77.	Data transformations (“adjustments” are only one example for transformations) are usually not part of repetitive quality mgmt system but part of the analysis. The valuation process may change or if one fit several valuation-models one may have different adjustments (or better data transformations). But the quality of the data remains the same with or without adjustment. These transformations are not always adjustments or corrections.	Agreed. The word ‘adjustments’ has been deleted from this paragraph to avoid misunderstandings.
344.	CRO Forum	3.77.	The term ‘periodically’ is used in this section. It is not clear if the “period” should be defined externally or internally. We would suggest clarifications.	See answer to comment 316.
345.	European Insurance CFO Forum	3.77.	Comments in 3.55 are also relevant here.	See answer to comment in 3.55.
346.	German Insurance Association – Gesamtverb	3.77.	Data transformations (“adjustments” are only one example for transformations) are usually not part of repetitive quality mgmt system but part of the analysis. The valuation process may change or if one fit several valuation-models one may have different adjustments (or better data transformations). But the quality of the	See answer to comment 343.

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

	and der D		data remains the same with or without adjustment. These transformations are not always adjustments or corrections.	
347.	Lloyd's	3.77.	We agree.	Noted.
348.	PricewaterhouseCoopers LLP	3.77.	How should the period of the data quality assessments be judged?	See answer to comment 316.
349.	CEA, ECO-SLV-09-438	3.78.	Adjustments to data itself are not a matter of data quality, but part of the chosen methodology.	Noted.
350.	CRO Forum	3.78.	<p>Issues of data quality and review: we agree with what reported in these paragraphs, nevertheless we would suggest to further clarify and distinguish the role of the actuarial function from the role of auditors, as anticipated in the 'General Comments'.</p> <p>CP43 states that the actuarial function should judge the credibility of historical data. The key point is to define precisely what "credibility" means. Our perception is that CP43 intend to assign to "credibility" the meaning of "reasonableness and consistency for the purpose of the analysis".</p> <p>Auditors should instead verify the source and correctness of data starting from the EDP and internal procedures.</p> <p>Article 47 in the Directive gives the responsibilities of the actuarial function, "to ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions", "to assess the sufficiency and quality of the data used in the calculation of technical provisions" and "to compare best estimate against experience" are relevant in the context of this consultation paper. The Advice should not go beyond these responsibilities.</p>	<p>See resolution 7</p> <p>See resolution 7</p> <p>See resolution 7</p> <p>Noted. CEIOPS does not believe that the content of CP43 goes beyond the responsibilities of the actuarial function as assigned by the Directive.</p>

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

351.	European Insurance CFO Forum	3.78.	Comments in 3.55 are also relevant here.	Noted.
352.	German Insurance Association – Gesamtverband der D	3.78.	Adjustments to data itself are not a matter of data quality, but part of the chosen methodology.	Noted.
353.	Groupe Consultatif	3.78.	<p>Issues of data quality and review: we agree with what reported in these paragraphs, nevertheless we would suggest to better clarify and distinguish the role of the actuarial function from the role of auditors, as anticipated in the 'General Comments'.</p> <p>CP43 states that the actuarial function should judge the credibility of historical data. The key point is to define precisely what "credibility" means. Our perception is that CP43 intend to assign to "credibility" the meaning of "reasonableness and consistency for the purpose of the analysis".</p> <p>In our experience it is more appropriate for internal and/or external auditors to take a more bottom-up approach often including some element of sampling together with consideration of controls over data.</p>	See resolution 7
354.	Lloyd's	3.78.	We agree. We do not believe that it is appropriate for an undertaking to adjust the data on systems/storage (i.e. at source). We also believe that adjustments to data, other than corrections, should be made as part of the technical provisions process but not the data collection process which should keep a "clean" data set wherever possible.	Noted.
355.	ACORD	3.79.	We are uncertain as to the meaning of this paragraph.	

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

356.	European Insurance CFO Forum	3.79.	Comments in 3.55 are also relevant here.	Noted.
357.	Lloyd's	3.79.	We agree that data requirements should be assessed generically first and then checked against proposed methods not the other way around. The main check is that the data is adequate and suitable reasonably to estimate the technical provisions. The check is not that data is adequate for the proposed methods, as these could be unnecessarily complex and as such the data standard aspirational rather than a requirement.	Noted.
358.	Association of British Insurers	3.80.	We agree with the actuarial function's role in the assessment of the credibility of historical data and prospective assumptions. However, this should not be confused with the role of the auditors.	Noted.
359.	CEA, ECO-SLV-09-438	3.80.	It would be helpful to receive from Ceiops the differences between the role of actuaries and the role of auditors.	See resolution 7.
360.	CRO Forum	3.80.	See 3.78	See resolution 350.
361.	European Insurance CFO Forum	3.80.	Comments in 3.55 are also relevant here.	Noted.
362.	Lloyd's	3.80.	We strongly agree. We believe that this is part of the technical provision evaluation process rather than a data issue but welcome the statement.	Noted.
363.	European Insurance CFO Forum	3.81.	Comments in 3.55 are also relevant here.	Noted.
364.	Groupe Consultatif	3.81.	"In the context of a provisioning analysis, it may be necessary to complement the internal data available with external data supplied	

Summary of Comments on CEIOPS-CP-43/09

CEIOPS-SEC-106/09

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

			<p>by third parties or market data. When assessing the general requirements on data quality – appropriateness, completeness and accuracy – this external and market information should be part of the analysis.”</p> <p>The CEIOPS’s advice above suggests that external and market data would require a similar level of verification as internal data. However, it is important to recognise that there may be limitations to the level of verification that can be performed on external or market data.</p> <p>We propose that any external or market data verification shall be performed as appropriate based on the level of available information.</p>	<p>Noted. The level of verification is specified in paragraph 3.53, it is implicitly recognized that limitations as to the level of verification of external data exist.</p>
365.	Lloyd’s	3.81.	<p>We agree and note it is important to recognise that different standards will be possible for internal and external data.</p> <p>For external data the emphasis should be on understanding the source and using expert judgement to assess reliability. It is impossible to actually validate the data and the level of reliance will form part of the technical provision methodology process.</p>	<p>Noted.</p>
366.	DENMARK: Codan Forsikring A/S (10529638)	3.130.	<p>We believe that the amount of the Risk Margin should be the same for a monoline insurer as for a multi-line insurer, for a particular line of business, where all other things are equal. However we disagree that these values should be equalised assuming no diversification, as proposed in Paragraph 8. Using analogies from Finance Theory it is clear that an acquiring entity for whom the portfolio offers the prospect of some diversification will charge a lower price than one for whom the diversification benefit is less complete. This suggests the concept of a reference entity that is “perfectly” diversified once the transferred portfolio has been accepted. Whilst somewhat idealised, such a reference entity is arguably no more unrealistic than the empty reference entity proposed by CEIOPS.</p>	<p>[Comment misplaced. Will be dealt with in CP42]</p>

Consultation Paper on the Draft L2 Advice on TP - Standards for data quality

		<p>We think arguments about the diversification or otherwise of the transferring entity are irrelevant. It is only the diversification of the accepting entity that matters.</p> <p>We need to consider a practical method for assessing this "perfect" diversification. One method would be to calculate the SCR (omitting market risk) for a reference entity that consists of equal volumes, by both premium and technical provision, of each line of business. The equivalent line of business only SCR, SCR(lob) say, could also be calculated. These calculations might require a "steady state" ratio of premium to technical provisions but this can be readily done.</p> <p>The diversification factor, DF, could be calculated from the following formula:</p> $DF = SCR / \sum\{SCR(lob)\}$ <p>DF could then be multiplied by the individual line of business SCR, whether calculated using an internal model or the standard formula, to determine the SCR to be used in the cost of capital formula.</p> <p>This approach would be simple to apply and DF would be the same for all undertakings. There is no need to allocate risk margin as a per line of business risk margin is calculated. The method allows for a more theoretically correct risk margin and is independent of the transferring entity.</p>	
--	--	--	--