

**Summary of Comments on Consultation Paper Addendum -  
CEIOPS-CP-37/09**

**CEIOPS-SEC-128-09**

**Addendum - L2 Advice on the procedure to be followed for the  
approval of a group internal model**

CEIOPS would like to thank: **AAS BALTA, AB Lietuvos draudimas, Association of British Insurers, CEA ECO-SLV-09-432, CRO Forum, DENMARK: Codan Forsikring A/S (10529638), Federation of European Accountants (FEE), FFSA, GROUPAMA, Groupe Consultatif, International Underwriting Association of London, Link4 Towarzystwo Ubezpieczeń SA, Munich RE, NORWAY: Codan Forsikring (Branch Norway) (991 502 , PEARL GROUP LIMITED, RBSI, RSA Insurance Group PLC, RSA Insurance Ireland Ltd, RSA\32\45\32Sun Insurance Office Ltd., and SWEDEN: Trygg-Hansa Försäkrings AB**

The numbering of the paragraphs refers to the Addendum to Consultation Paper No. 37 (CEIOPS-37/09)

<b>No.</b>	<b>Name</b>	<b>Reference</b>	<b>Comment</b>	<b>Resolution</b>
1.	AAS BALTA	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper.</p>

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			must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.	
2.	AB Lietuvos draudimas	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper.</p>
3.			Confidential comment deleted.	
4.	Association of British Insurers	General Comment	Overall, we believe this paper does not sufficiently capture the cooperation aspects between the different supervisory authorities involved in the approval internal model process. In particular, there is a lack of clarity with regard to the specific role of the group supervisor and its overarching responsibility in this process. This should be made clearer at level 2 to avoid any procedural	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<p>difficulties, especially as the Framework Directive itself makes it unambiguous the group supervisor has ultimate responsibility for the decision on the group internal model application (article 229 (5)). Whilst we see some merit in involving all relevant supervisory authorities, we are concerned that supervisory responsibility and accountability might have been diluted between the various authorities involved. This is likely to introduce confusion and put at risk the assessment and the decision making process.</p> <p>It should be made clear that the scope of the group internal model is not limited to aggregating solo models but covers a group-wide model that includes a number of modules / components. It is important that there is no duplication or overlap resulting from the submission for approval of a group internal model (full or partial). Specifically, group supervision should not be in addition to individual solo supervision but should replace this process. This should be made clear in the level 2 text.</p>	
5.			Confidential comment deleted.	
6.	CEA, ECO-SLV-09-432	General Comment	<p>The CEA welcomes the opportunity to comment on the Addendum to Consultation Paper (CP) No. 37 on The procedure to be followed for the approval of internal models: some specificities related to group internal models.</p> <p>It should be noted that the comments in this document should be considered in the context of other publications by the CEA.</p> <p>Also, the comments in this document should be considered as a whole, i.e. they constitute a coherent package and as such, the rejection of elements of our positions may affect the remainder of our comments.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<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 addendum does not provide sufficient clarity on the responsibilities of the different supervisors involved in the internal model approval process.</p> <p>The coordination between different supervisory authorities that are involved, and specifically the role played by the group supervisor should be articulated more clearly in the advice given by Ceiops. We believe that it is important to make this clearer to avoid procedural difficulties and ensure a harmonised approach to group supervision from all supervisors.</p> <p>Article 229 in the Framework directive states that the group supervisor has ultimate responsibility for the decision when a joint decision cannot be reached. In order to avoid confusion and to ensure that the assessment and approval process are effective, level 2 should provide guidance on the role of the group supervisor and the process of interacting and reaching a joint decision on the approval of a group internal model.</p> <p>Instead, in this CP it seems that it is not in the attribution of the Group supervisor to validate the overall group model but it is rather the role of the local supervisors to validate the internal Model for their own country while the group supervisor validates only the global architecture and the diversification benefits. We consider</p>	

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			<p>that as it is not consistent with the Directive.</p> <p>Whilst we see some merit in involving all relevant supervisory authorities, we are concerned that supervisory responsibility and accountability might have been diluted between the various authorities involved. This is likely to introduce confusion and put at risk the assessment and the decision making process.</p> <p>We are also concerned by Ceiops' statement which states that in cases where the supervisory authorities have real difficulties in accessing the information needed to assess the internal model, the supervisory authorities may force the group to use the deduction and aggregation method set out in Article 218, or the provisions in Article 227. Ceiops should clearly state that this would only apply to situations where the Group is responsible for providing such missing information, but certainly not to the case when another supervisor (be it from an EEA or a non-EEA country) does not provide such information.</p> <p>It should be made clear that the scope of the group internal model is not limited to aggregating solo models but covers a group-wide model that includes a number of modules / components.</p> <p>It is important that there is no duplication or overlap resulting from the submission for approval of a group internal model (full or partial). Specifically, group supervision should not be in addition to individual solo supervision but should replace this process. This</p>	

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			<p>should be made clear in the level 2 text.</p> <p>Suggested redrafting: A paragraph should be included stating: "Group supervision will follow the architecture of the group internal model. If a combined group-wide model is used the supervisory approach will differ from a model which calculates at the business unit level and then aggregates results".</p> <p>In addition, throughout the document wording should be consistent with the point made above. For example in paragraph 3.5. the "additional requirements" wording could be interpreted to mean that application of group internal models is in addition to individual solo applications. It should be made clear that additional information is required but that the group process replaces individual processes (when included in the scope of the internal model).</p>	
7.	CRO Forum	General Comment	<p>37.A Common approval process for internal model at group and subsidiary level is required (priority: very high)</p> <p>Article 229 of the Framework Directive envisages a common approval process for internal models for Groups, both for the application at Group level and the application at legal entity level. It states that approval by the Group supervisor, in cooperation with the College of Supervisors, is leading. The CRO Forum would appreciate that a statement is added that the validation of the overall group model is in the attribution of the Group supervisor and that the approval process is conducted at Group level. The requirements for the approval process at legal entity level (in this</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<p>CP) do no longer apply, since Article 229, paragraph 4, reads "The supervisory authorities concerned shall comply with the decision." and paragraph 4 reads "That decision shall be recognised as determinative and applied by the supervisory authorities concerned."</p> <p>The situation where an internal model is appropriate at group level but needs some refinement at the level of a subsidiary is not considered either. If it can be demonstrated that the model is clearly appropriate at group level and that the impact on calculations for the subsidiary is immaterial relative to the group, then the model should be allowed for use at both group and subsidiary level.</p> <p>37.B Third country cooperation should be highlighted (priority: high)</p> <p>Article 229, paragraph 1, reads "In the case of an application for permission to calculate the consolidated group Solvency Capital Requirement, as well as the Solvency Capital Requirement of insurance and reinsurance undertakings in the group, on the basis of an internal model, ... , the supervisory authorities concerned shall cooperate to decide whether or not to grant that permission ...." The CRO Forum would welcome that this obligation to cooperate is highlighted in the consultation paper, especially the cooperation with a local regulator outside the EEA who chooses not to provide any support and/or documentation for the approval of the Internal Model. This is important for European Groups as most perform at least a third of their business in the US or Asia.</p> <p>The adoption of internal models should be group-wide. There should not be a distinction between EEA and non-EEA, unless the group applies for a partial internal model for non-EEA or a separate</p>	

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			<p>treatment of non-EEA countries is specifically required by the Group supervisor.</p> <p>37.C Capital add-ons at subsidiary level – further clarification required (priority: high)</p> <p>Article 229 (6) of the Directive gives supervisory authorities the right to impose a capital add-on where they consider that the risk profile of the undertaking under their supervision deviates significantly from the assumptions underlying the internal model approved at the group level. This is an important area where the CRO Forum would suggest having clearer guidelines. In this respect we would like to mention that it is the responsibility of the supervisor to demonstrate why in her opinion the risks are not appropriately taken into account, be it an internal model or a standard model.</p> <p>37.D Collaboration between supervisors should not result in large delays (priority: medium)</p> <p>The extent of collaboration between supervisory authorities needed to approve a group internal model may be significant. It will be important to ensure that this does not result in delays in the (pre-) approval process for groups. We refer to the obligation to cooperate as outlined in B).</p> <p>37.E Language for the application form (English or a language agreed with the group supervisor) (priority: medium)</p> <p>If the documentation is provided in English, no additional translations shall be required.</p> <p>As consultation paper 56 explains, the documentation should be sufficient for an independent knowledgeable third party to form a sound judgement as to the reliability of the internal model and the</p>	

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			compliance with Articles 118 to 224 and could understand the reasoning and the underlying design and operational details of the internal model.	
8.	DENMARK: Codan Forsikring A/S (10529638)	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>
9.	DIMA (Dublin International Insurance & Management	General Comment	<p>DIMA welcomes the opportunity to comment on this paper.</p> <p>The comments provided by DIMA are in addition to the comments made in the previous consultation for CP37. They are, however, not necessarily cross-referenced with items in other consultation papers.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			The paper does not address the situation where the head company of a group is outside the EU. The question arises of how European supervisors should work with non-EU supervisors, and which supervisor should have the lead. If there is an agreement with the head company's country under "equivalence" arrangements, then the European supervisors should liaise with the supervisor of the head company's office. Item 3.33 should apply for supervisors out of EU if an "equivalence" arrangement is established between the head office state and European supervisors.	
10.	FFSA	General Comment	<ul style="list-style-type: none"> <li>- FFSA believes having a clear understanding of the entire procedure to be followed for the approval of group internal model is crucial for undertaking and therefore requires clarification on the following issues :</li> <li>- Cooperation among supervisors (group, local, third countries) need to be clarified and eased in order to ensure undertakings be in a position of implementing their internal models in a wide and consistent manner. (§3.4)</li> <li>- In order to ensure a harmonised approach across the EU, the procedure to reach a joint decision should be standardised, in particular the role of local supervisors (within and outside EEA), Group supervisors and CEIOPS.</li> <li>- Allocation of roles for validation should be carefully designed. To avoid some "holes". From this CP, it seems that it is not in the attribution of the Group supervisor to validate the overall group model. It seems that it is rather the role of the local supervisors to validate the Internal Model for their own country while the Group supervisor validates only the global architecture and the diversification benefits. FFSA considers that as it is not consistent with the Directive. FFSA considers that it could be an</li> </ul>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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		<p>issue, especially for third countries where the local supervisor is not concerned by the solvency II framework. (§3.4)</p> <ul style="list-style-type: none"> <li>- FFSA thinks that the procedure to reach a joint decision among the supervisory authorities concerned for group internal model approval should be of sufficient detail and standardized: it should not depend on the supervisory authorities involved in the process and the process should be the same for all applicants. Otherwise, some market distortions would arise (§3.4)</li> <li>- To avoid unnecessary burden for groups, FFSA recommends that the group supervisor and the applying group should agree on one common language to be used. Hence, any translation should be performed by the supervisory authority requesting it. (§3.27 - §3.28)</li> <li>- FFSA is also concerned by CEIOPS' statement that, in case they have real difficulties to access the information needed to assess the internal model, the supervisory authorities may force the group to use the deduction and aggregation method set out in Article 218, or even the provisions of Article 227. CEIOPS should clearly state that this would only apply to situations where the Group is responsible for providing such missing information, but certainly not to the case when another supervisor (be it from an EEA or a non-EEA country) does not provide such information. Indeed, it would not be acceptable to penalize insurance Groups (potentially in an extremely severe manner) because of the failure of the Group supervisor to obtain information from a local supervisor (a process on which insurance Groups have absolutely no control). FFSA rather encourages CEIOPS to define with the supervisors in the main insurance markets within and outside the EU practicable solutions so that the Group supervisor can effectively take the related undertakings into account in its assessment of an</li> </ul>	

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			internal model. (§3.58).	
11.			Confidential comment deleted.	
12.	German Insurance Association – Gesamtverb and der D	General Comment	<p>GDV appreciates CEIOPS’ effort regarding the implementing measures and likes to comment on this consultation paper. In general, GDV supports the detailed comment of CEA. Nevertheless, the GDV highlights the most important issues for the German market based on CEIOPS’ advice in the blue boxes.</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>Overall comment:</p> <p>Any excessive burden of insurance groups caused by uncoordinated measures of solo supervisors has to be avoided. The position of the group supervisor should be strengthened. The group should be entitled to submit documents (partly) in a language of the group supervisor and (partly) in English without obligation for further translations.</p> <p>With respect to particularities of the approval of group internal models we take the following basic positions:</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<p>The group supervisor – following consultation with local supervisors involved – renders the final decision on the extent and approval of the internal group model and, accompanying this, on the recognition of diversification effects within the group, even across borders. Harmonization of adequate criteria for this decision should be aimed at. An adequate coverage degree (by analogy at solo level) shall be ensured.</p> <p>Simplifications for non-material holdings in insurance companies are possible in the group model. Here, the materiality has to be derived from the group context. The following simplifications are possible, with option a being the preferred one:</p> <ul style="list-style-type: none"> <li>a) The undertakings are included in the group model based on their reported value of participations, which is mapped to an index (e.g. equity or real estate index) and stressed.</li> <li>b) The undertakings are included in the group model using the standard formula.</li> <li>c) The undertakings are included in the group model using the partial internal model.</li> </ul> <p>The scope of the group model should basically follow the accounting systems. Each deviation thereof, e.g., non-involvement of third countries, should only be requested by the supervisory authority in justified exceptional cases.</p>	

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			<p>The currently effective provisions of Annex 1 of the directive on financial conglomerates, which are not in line with Solvency II, shall no longer be applied to aggregate the results of cross-sector institutes in the internal group model.</p> <p>Recognition of the diversification effects calculated in accordance with the consolidation method (Article 228) in the group model shall be measured by their methodical quality and their relevance for the corporate strategy as well as by the use test. Hence, recognition of diversification effects between insurance undertakings and financial institutions should be possible.</p> <p>Basically, the entire documentation on the internal model has to be possible in the common language(s) of the group and/or in English.</p> <p>Any capital add-ons resulting from national solo attempts should be avoided. However, capital add-ons have to be taken into account in capital allocation.</p> <p>Significant deviations of the internal model approved at group level from the risk profile and from the governance system (Articles 41 – 49) have to be properly addressed by the undertaking. In this regard, it is necessary to clarify what “properly” means from the point of view of the supervisor and from what point in time or under what circumstances any concerns on the part of the</p>	

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			<p>supervisor have to be considered as addressed.</p> <p>[end of basic positions]</p> <p>The addendum to CP 37 does not provide sufficient clarity on the responsibilities of the different supervisors involved in the internal model approval process.</p> <p>The coordination between different supervisory authorities that are involved, and specifically the role played by the group supervisor should be articulated more clearly in the advice given by CEIOPS. We believe that it is important to make this clearer to avoid procedural difficulties and ensure a harmonised approach to group supervision from all supervisors.</p> <p>Article 229 in the Framework directive states that the group supervisor has ultimate responsibility for the decision when a joint decision cannot be reached. In order to avoid confusion and to ensure that the assessment and approval process are effective, level 2 should provide guidance on the role of the group supervisor and the process of interacting and reaching a joint decision on the approval of a group internal model.</p> <p>Instead, in this CP it seems that it is not in the attribution of the Group supervisor to validate the overall group model but it is rather the role of the local supervisors to validate the internal Model for</p>	

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			<p>their own country while the group supervisor validates only the global architecture and the diversification benefits. We consider that as it is not consistent with the Directive.</p> <p>Whilst we see some merit in involving all relevant supervisory authorities, we are concerned that supervisory responsibility and accountability might have been diluted between the various authorities involved. This is likely to introduce confusion and put at risk the assessment and the decision making process.</p> <p>We are also concerned by CEIOPS' statement which states that in cases where the supervisory authorities have real difficulties in accessing the information needed to assess the internal model, the supervisory authorities may force the group to use the deduction and aggregation method set out in Article 218, or the provisions in Article 227. CEIOPS should clearly state that this would only apply to situations where the Group is responsible for providing such missing information, but certainly not to the case when another supervisor (be it from an EEA or a non-EEA country) does not provide such information.</p> <p>It should be made clear that the scope of the group internal model is not limited to aggregating solo models but covers a group-wide model that includes a number of modules / components.</p> <p>It is important that there is no duplication or overlap resulting from the submission for approval of a group internal model (full or</p>	

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			<p>partial). Specifically, group supervision should not be in addition to individual solo supervision but should replace this process. This should be made clear in the level 2 text.</p> <p>Suggested redrafting: A paragraph should be included stating: "Group supervision will follow the architecture of the group internal model. If a combined group-wide model is used the supervisory approach will differ from a model which calculates at the business unit level and then aggregates results".</p> <p>In addition, throughout the document wording should be consistent with the point made above. For example in Para 3.5. the "additional requirements" wording could be interpreted to mean that application of group internal models is in addition to individual solo applications. It should be made clear that additional information is required but that the group process replaces individual processes (when included in the scope of the internal model).</p> <p>In general, consistency with CP 56, CP 58, and the group related consultation papers has to be ensured. This matters in particular for disclosure issues.</p>	
13.	GROUPAMA	General Comment	<p>Groupama welcomes this addendum to the CP 37 dealing with the group internal model.</p> <p>However, we would like to question the following points:</p> <ul style="list-style-type: none"> <li>- When a local supervisor has difficulty in assessing an internal model for one entity, CEIOPS allows him to require the deduction aggregation method. We do not understand why a group</li> </ul>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<p>should be penalized due to lack of information from one supervisor. This procedure should be limited to cases when the undertaking is responsible for this lack of information. (3.38)</p> <ul style="list-style-type: none"> <li>- When non-modelled entities are integrated with the standard formula, the undertaking should not have to prove the efficiency of the standard formula, which should be recognized as adequate for all undertakings. The supervisor should be responsible for proving that the standard formula is inadequate. (3.62)</li> <li>- We do not understand why a supervisor could force one undertaking to integrate in its internal model non-modelled entities covered by the standard formula. The undertakings should not be considered a priori as cherry-pickers. Extending the internal model should be the responsibility of the undertaking only.</li> </ul>	
14.	Groupe Consultatif	General Comment	<p>The Groupe Consultatif has already commented on CP37. The following comments are in addition to those comments</p> <p>A potential difficulty with this procedure is the possible large number of supervisory authorities involved. It is not obvious how the procedure can be streamlined in order to avoid undue delay in the approval of models.</p> <p>It is important to recognise that in practice this will be an interactive process. The group seeking approval will usually have a central unit responsible for model development, and the process will be best served if there can be a clear dialogue with one representative of the supervisors responsible</p> <p>We would also emphasise the importance of correct assessment of materiality.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper.</p>

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15.	International Underwriting Association of London	General Comment	Where a company uses a group internal model, and that model is situated outside the group (i.e. the parent company has control over the model) is it possible to gain full approval for a full internal model, and demonstrating the use test at an entity level? Or is the intention that the parent will be the entity demonstrating the use test and controlling the model. Further clarification on how this relates to groups, and in particular, groups outside the EEA would also be helpful.	Noted  The general comments are treated more specifically throughout the paper.
16.	Link4 Towarzystwo Ubezpieczeń SA	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	Noted  The general comments are treated more specifically throughout the paper
17.	Munich RE	General	We fully support all of the GDV statements and would like to add	Noted

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		Comment	<p>the following points:</p> <p>In addition to our comments made on CP37 we see as the main aspects for the approval process for groups:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The collaboration between supervisory authorities should be further specified (3.1.-3.3.)</li> <li><input type="checkbox"/> Partial internal models in cases where the standard formula does not provide a good solution (e.g. specific forms of risk mitigation like non-proportional reinsurance) should also be viable as a permanent solution</li> <li><input type="checkbox"/> As for the solo entities, further clarification on the approval and model change processes with regard to pre-application, application, assessment and decision phase would be welcome also in the group context. Form the current CPs the interplay and the timing is not entirely clear. We are worried that for groups additional timelines for the approval and model change may be introduced. Especially in the context of model changes this could lead to situations that the model is not up to date anymore. A more pragmatic process to model change should be used in such cases.</li> </ul>	The general comments are treated more specifically throughout the paper
18.	NORWAY: Codan Forsikring (Branch Norway) (991 502	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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			<p>EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	
19.	PEARL GROUP LIMITED	General Comment	<p>Overall, we believe this paper does not sufficiently capture the cooperation aspects between the different supervisory authorities involved in the approval internal model process. In particular, there is a lack of clarity with regard to the specific role of the group supervisor and its overarching responsibility in this process. This should be made clearer at level 2 to avoid any procedural difficulties, especially as the Framework Directive itself makes it unambiguous the group supervisor has ultimate responsibility for the decision on the group internal model application (article 229 (5)).</p> <p>It should be made clear that the scope of the group internal model is not limited to aggregating solo models but covers a group-wide model that includes a number of modules / components. It is important that there is no duplication or overlap resulting from the submission for approval of a group internal model (full or partial).</p> <p>Specifically, group supervision should not be in addition to individual solo supervision but should replace this process. This should be made clear in the level 2 text.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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20.	RBSI	General Comment	<p>We welcome this paper which has given us greater clarity on the process to be adopted for the approval of a group internal model.</p> <p>We agree that group application process should be consistent with the solo application process but we are very concerned that this implies that the internal model needs to be approved separately for the group and for every (re)insurance undertaking within the group. This will lead to great duplication of effort for both the group and the supervisor. Also, where different supervisors are responsible for different solo undertaking within the group, introduces the potential for differing decisions at the solo and group levels about the same model. It should be possible for solo applications to build on the content of a group submission, particularly for those elements of Solvency II compliance that are carried out at a centralised level within the group.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>
21.	RSA Insurance Group PLC	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<p>likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	
22.	RSA Insurance Ireland Ltd	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>
23.	RSA - Sun Insurance Office Ltd.	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for</p>	<p>Noted</p> <p>The general comments are</p>

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			<p>doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	treated more specifically throughout the paper
24.	SWEDEN: Trygg-Hansa Försäkrings AB (516401- 7799)	General Comment	<p>This paper does not go far enough to explain the role of Group supervisors. Further it does not explicitly explain the logical implication that local regulators must operate via the lead supervisor and not act in conflict. There is huge potential for doubling up the regulation.</p> <p>Co-ordination of supervisory authorities is likely to be extremely difficult. Clear roles, timelines and mechanisms for decision making need to be laid down within Level 2 (not left to Level 3).</p> <p>Further it must be clear what happens in arrangements with non-EEA supervisors. For example the lead regulator should take active steps to engage non-EEA supervisors.</p> <p>Being a Group should not carry a greater burden of regulation and</p>	<p>Noted</p> <p>The general comments are treated more specifically throughout the paper</p>

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			<p>the lead supervisor must dovetail the solo and Group supervision to ensure the more efficient outcome for the firm. Hence in all likelihood the Group Internal Model should be reviewed together with the Solo Model.</p> <p>It must also be made clear that local supervisors within the EEA must not start acting independently from the lead supervisor, e.g. data requests, model reviews etc.</p>	
25.	XL Capital Ltd	General Comment	<p>We agree that the process for the approval of group models should follow the same five main steps as for the individual entity internal model (as outlined previously in CP 37).</p> <p>Our concerns regarding the addendum to CP 37 stem from the fact that this paper, when read alongside CP 60, leaves us unclear as to the definition and scope of the group. Hence it is difficult to comment on the procedure to be followed for the approval of a group internal model, without first understanding the bigger picture.</p> <p>We have particular concerns where a group is headquartered outside of the EEA, and operates both outside and within the EEA and would welcome further clarity regarding how such a group would meet the provisions of Article 110 part 3 which require undertakings to “submit, as a minimum, documentary evidence that the internal model meets the requirements set out in Articles 118 to 123” (Use test, Statistical quality standards, Calibration standards, Profit and loss attribution, Valuation standards, Documentation standards).</p> <p>Additional clarity regarding the scope of the group internal model would be welcomed. The addendum to CP 37 appears to view the group as an aggregation of the solo models but does not seem to reflect the possibility of a group-wide model which includes a</p>	

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			<p>number of modules / components.</p> <p>It is important that there is no duplication or overlap resulting from the submission for approval of a group internal model (full or partial). Group supervision should not be in addition to individual solo supervision but should replace this process.</p> <p>We also feel that the addendum to CP 37 could better explain the cooperation required between the different supervisory authorities involved in the approval internal model process. Directive Article 229 (5) gives the Group supervisor ultimate responsibility for the decision on the group internal model application, but this does not appear to be clear in this consultation paper.</p>	
26.	DIMA (Dublin International Insurance & Management	2.4.	<p>Article 110 deals with general provisions for internal and partial internal models. It states that "For a period of two years after having received approval from supervisory authorities to use an internal model, insurance and reinsurance undertakings may, by a decision stating the reasons, be required to provide supervisory authorities with an estimate of the Solvency Capital Requirement determined in accordance with the standard formula, as set out in Subsection 2". The parameters for the decision stating the reasons have not been identified here; the requirement to run both an internal model and the standard model side-by-side may be unnecessarily onerous.</p>	<p>See CP 37 for the solo process.</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
27.	XL Capital Ltd	2.5.	<p>Article 111 deals with the specific provisions for the approval of partial internal models.</p> <p>We would welcome a fuller / clearer definition of a partial internal model, particularly in relation to the model used to calculate the group SCR of a group headquartered outside of the EEA, which operates both outside and within the EEA.</p>	See CP on partial internal models

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28.	Federation of European Accountants (FEE)	2.8.	Article 229 of the "Framework Directive" contains the statutory framework governing the approval procedures for a group internal model. Preference for a joint decision by all relevant supervisors is implied, but article 229 outlines the structure used where it is the group supervisor which decides on its own.	Yes
29.	RBSI	3.1.	We welcome the format of the pre-application for group internal models being consistent with the solo requirements.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
30.	XL Capital Ltd	3.1.	See comments at paragraph 3.4 below	Noted
31.	Groupe Consultatif	3.2.	The framework for the liaising process could be defined more precisely. In particular, the responsibility for the allocation of tasks should be clearly defined – in particular, if the supervisory authorities concerned do not reach a common agreement on this point.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
32.	Association of British Insurers	3.4.	3.4 a) The scope of the group model to be covered in the application should cover not only what businesses and risks are covered, but should also consider the model architecture.  3.4 b) and c) The cooperative and consultative framework between supervisors should ensure that requirements of different authorities do not become cumulative – rather a joint view on what the requirements for the Group and its EU entities should be developed.	3.4 a) Agreed – CP will be modified accordingly  3.4. b) c) CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
33.			Confidential comment deleted.	
34.	CEA, ECO-SLV-	3.4.	3.4 a) The scope of the group model to be covered in the application should cover not only what businesses and risks are covered, but should also consider the model architecture.	3.4 a) Agreed – CP will be modified accordingly

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09-432		<p>Assessment of the scope in relation to article 212 relates to model coverage (business units covered). This is not an addition to the requirements covered in CP37 and should not be reflected as such. The group model is not, by definition, an additional model on top of the solo models.</p> <p>However, we do believe that the model architecture of a group model should be considered in the pre-application phase. A different group supervisory process might be required for a group model that is a simple aggregation engine vs. an integrated group-wide model with modules that are not strictly linked to separate entities.</p> <p>Suggested redrafting: "Paragraph 3.4. The format of the pre-application for group internal models, if any, shall be consistent with the solo requirements. In addition, for groups Ceiops expects that:</p> <p>a) the scope of the group internal model include a description of the model architecture explaining how the business units and risks that are covered are included in the model. This will inform supervisors on how to best consider the application."</p> <p>a) The pre-application will assess the scope of the group internal model and its consistency with the scope of group supervision according to article 212 or deviates</p> <p>3.4 b) and c) The cooperative and consultative framework between supervisors should ensure that requirements of different authorities</p>	<p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>	

		<p align="center"><b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b></p> <p align="center"><b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b></p>		<p align="center"><b>CEIOPS-SEC-128-09</b></p>
			<p>do not become cumulative – rather a joint view on what the requirements for the Group and its EU entities should be developed.</p> <p>Current wording can be interpreted to mean that decisions regarding the roles and tasks of involved supervisors as well as the escalation procedures and the overall supervisory plan of action are taken on a case by case basis. To ensure harmonization, some standard approaches and templates should be provided in the implementation advice. The lead group supervisor should then provide documented rationale for deviations from this template.</p> <p>The framework should ensure that the various supervisors involved agree to a process that will not require companies to submit the same information multiple times and that will not allow different interpretations or requirements from different supervisors. We believe that this is consistent with the advice provided in CP60.</p> <p>Suggested redrafting: Insert new paragraph: “The process and plan of action agreed by supervisory authorities will ensure that information need only be submitted once and only to the group supervisor. The agreed process will also ensure that the assessment will not result in different interpretations or requirements from individual supervisors involved in the application process”.</p> <p>In order to ensure a harmonised approach across the EU, the procedure to reach a joint decision should be standardised, in</p>	

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		<p>particular the role of the local supervisors (within and outside EEA), Group supervisors and Ceiops.</p> <p>Allocation of roles for validation should be carefully designed. To avoid some "holes". From this CP, it seems that it is not in the attribution of the Group supervisor to validate the overall group model. It seems that it is rather the role of the local supervisors to validate the Internal Model for their own country while the Group supervisor validates only the global architecture and the diversification benefits. We believe that this is not consistent with the Directive. We believe that this may be an issue, especially for third countries where the local supervisor is not concerned by the solvency II framework</p> <p>We strongly believe that the procedure to reach a joint decision among the supervisory authorities concerned for group internal model approval should be of sufficient detail and standardized: it should not depend on the supervisory authorities involved in the process and the process should be the same for all applicants. Otherwise, some market distortions would arise</p> <p>The timetable is a key feature of the pre-application process, especially in a Group context as it involves different supervisors and different undertakings. The CEA recommends that the L2 measures include a timetable to set up the cooperative &amp; consultative framework and communicate it to the Group.</p>	<p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application). Nevertheless, Not agreed as the structures of the internal models vary too much (see art 119: "no particular method (...) shall be prescribed") in order to have a standard approach and templates.</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>	

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				CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
35.	CRO Forum	3.4.	<p>Article 229 reads “1. In the case of an application for permission to calculate the consolidated group Solvency Capital Requirement, as well as the Solvency Capital Requirement of insurance and reinsurance undertakings in the group, on the basis of an internal model, ...</p> <p>An application as referred to in the first subparagraph shall be submitted to the group supervisor.</p> <p>...</p> <p>4. The group supervisor shall provide its decision to the applicant and the other supervisory authorities concerned. The supervisory authorities concerned shall comply with the decision”</p> <p>This implies that approval by the College of Supervisors of the group’s internal model is binding on all other supervisors. Meaning that if a solo entity is in the scope of the group internal model and the group internal model gets full approval, this solo entity should not have to apply for internal model approval from its supervisor as well and this supervisor cannot cancel the approval the internal model</p> <p>In line with Article 229, the following clarifications are missing;</p> <ol style="list-style-type: none"> <li>1. The documents for the pre-approval process will be submitted to the Group supervisor only.</li> <li>2. The pre-approval process at Group level replaces the pre-approval process at the level of each undertaking that will use the</li> </ol>	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

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			<p>Group internal model for its solo SCR calculation. Especially paragraph (c) needs to be rephrased; "for each individual GROUP pre-application...".</p> <p>3. The Group supervisor will coordinate the pre-approval process with the other relevant authorities involved, similar to the requirements spelled out in Art. 229 for the approval process.</p> <p>4. Timetable is a key feature of the pre-application process, especially in a Group context (many supervisors and undertakings involved). The CRO Forum believes that the Implementing measures should include a detailed timetable to formalize the framework (coordination &amp; cooperation among supervisors).</p>	
36.	DIMA (Dublin International Insurance & Management)	3.4.	<p>Paragraph b.1b) states: "any supervisory authority who is able to participate in any supervisory team would be permitted to do so". In article 3.36, it is recommended that "the supervisory authorities concerned with the group internal model approval process are those supervising undertakings situated in a Member State and covered by the group internal model." The definition of "able to participate" needs to be clarified. Additionally, in article 3.28, it states: "where one of the supervisory authorities concerned needs to have access to a translation of the application pack or of part of it in another language, the group applying is responsible for this translation." This could be unnecessarily onerous for companies, depending upon which supervisors are "able to participate".</p>	<p>Comment on clarification of "able to participate": the definition is the same as for the paragraph 3.76 of CP 62.</p> <p>Comment on translation of the application pack or part of it in another language: See CP on pre-application</p> <p>Comment on "Onerous translation": see paragraph 3.18</p>
37.	Federation of European Accountants (FEE)	3.4.	<p>We are of the opinion that the suggested procedures are sensible. We share the importance of paragraph 3.4(c) on the specificity that "for each individual pre-application, supervisory authorities develop together with the group an overall supervisory plan of action that covers each step of the approval process including priority issues and a timetable".</p>	<p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>

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38.	FFSA	3.4.	<p>Cooperation among supervisors (group, local, third countries) need to be clarified and eased in order to ensure undertakings to be in a position of implementing their internal models in a wide and consistent manner. (§3.4)</p> <p>In order to ensure a harmonised approach across the EU The procedure to reach a joint decision should be standardised, in particular the role of the local supervisors (within and outside EEA), Group supervisors and CEIOPS.</p> <p>Allocation of roles for validation should be carefully designed. To avoid some "holes". From this CP, it seems that it is not in the attribution of the Group supervisor to validate the overall group model. It seems that it is rather the role of the local supervisors to validate the Internal Model for their own country while the Group supervisor validates only the global architecture and the diversification benefits. FFSA considers that as it is not consistent with the Directive. FFSA considers that it could be an issue, especially for third countries where the local supervisor is not concerned by the solvency II framework</p> <p>FFSA thinks that the procedure to reach a joint decision among the supervisory authorities concerned for group internal model approval should be of sufficient detail and standardized: it should not depend on the supervisory authorities involved in the process and the process should be the same for all applicants. Otherwise, some market distortions would arise</p> <p>The timetable is a key feature of the pre-application process, especially in a Group context as it involves different supervisors and different undertakings. FFSA recommend that the L2 text includes a timetable to set up the cooperative &amp; consultative framework and communicate it to the Group. It is essential as</p>	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

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			coordination, on the one hand, within supervisors and the other hand, within Group’s entities, will require a very tight schedule to meet the first deadline of 31st October.	
39.	German Insurance Association – Gesamtverb and der D	3.4.	<p>3.4 a) The scope of the group model to be covered in the application should cover not only what businesses and risks are covered, but should also consider the model architecture.</p> <p>Assessment of the scope in relation to article 212 relates to model coverage (business units covered). This is not an addition to the requirements covered in CP 37 and should not be reflected as such. The group model is not, by definition, an additional model on top of the solo models.</p> <p>However, we do believe that the model architecture of a group model should be considered in the pre-application phase. A different group supervisory process might be required for a group model that is a simple aggregation engine vs. an integrated group-wide model with modules that are not strictly linked to separate entities.</p> <p>Suggested redrafting: “Paragraph 3.4. The format of the pre-application for group internal models, if any, shall be consistent with the solo requirements. In addition, for groups CEIOPS expects that:</p> <p>a) the scope of the group internal model include a description of the model architecture explaining how the business units and risks that are covered are included in the model. This will inform supervisors on how to best consider the application.”</p>	3.4 a) Agreed – CP will be modified accordingly

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		<p>a) The pre-application will assess the scope of the group internal model and its consistency with the scope of group supervision according to article 212 or deviates</p> <p>3.4 b) and c) The cooperative and consultative framework between supervisors should ensure that requirements of different authorities do not become cumulative – rather a joint view on what the requirements for the Group and its EU entities should be developed.</p> <p>Current wording can be interpreted to mean that decisions regarding the roles and tasks of involved supervisors as well as the escalation procedures and the overall supervisory plan of action are taken on a case by case basis. To ensure harmonization, some standard approaches and templates should be provided in the implementation advice. The lead group supervisor should then provide documented rationale for deviations from this template.</p> <p>The framework should ensure that the various supervisors involved agree to a process that will not require companies to submit the same information multiple times and that will not allow different interpretations or requirements from different supervisors. We believe that this is consistent with the advice provided in CP60.</p> <p>Suggested redrafting: Insert new paragraph: “The process and plan of action agreed by supervisory authorities will ensure that information need only be submitted once and only to the group supervisor. The agreed process will also ensure that the</p>	<p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>	

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		<p>assessment will not result in different interpretations or requirements from individual supervisors involved in the application process”.</p> <p>In order to ensure a harmonised approach across the EU, the procedure to reach a joint decision should be standardised, in particular the role of the local supervisors (within and outside EEA), Group supervisors and CEIOPS.</p> <p>Allocation of roles for validation should be carefully designed. To avoid some “holes”. From this CP, it seems that it is not in the attribution of the Group supervisor to validate the overall group model. It seems that it is rather the role of the local supervisors to validate the Internal Model for their own country while the Group supervisor validates only the global architecture and the diversification benefits. We believe that this is not consistent with the Directive. We believe that this may be an issue, especially for third countries where the local supervisor is not concerned by the solvency II framework</p> <p>We strongly believe that the procedure to reach a joint decision among the supervisory authorities concerned for group internal model approval should be of sufficient detail and standardized: it should not depend on the supervisory authorities involved in the process and the process should be the same for all applicants. Otherwise, some market distortions would arise</p> <p>The timetable is a key feature of the pre-application process, especially in a Group context as it involves different supervisors and different undertakings. The GDV recommends that the L2</p>	<p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>	

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			measures include a timetable to set up the cooperative & consultative framework and communicate it to the Group.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
40.	PEARL GROUP LIMITED	3.4.	3.4 b) and c) The cooperative and consultative framework between supervisors should ensure that requirements of different authorities do not become cumulative – rather a joint view on what the requirements for the Group and its EU entities should be developed.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
41.	RBSI	3.4.	Sub-para. (b.1b) We believe CEIOPS should give guidance on how to determine whether the scale and risk exposure of undertakings is material to the group.  Sub-para. (c) (and para. 3.20) We welcome this planning stage of the pre-application process but feel that the requirements for translations of the documentation should also be agreed at this stage. This would prevent unnecessary delays and unplanned expense later in the process.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
42.	XL Capital Ltd	3.4.	While we agree with the broad steps outlined in this section regarding the pre-application stage, we are unclear which supervisory authorities would be involved in group supervision where a significant element of the group operates outside the EEA, and whether CEIOPS intend to provide further guidance in this respect.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
43.	Association of British	3.5.	See General Comments section above. These are not additional requirements above the individual application process but additional	CEIOPS will carry out further work to explain how this will work

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	Insurers		information.	in practice.
44.	CEA, ECO-SLV- 09-432	3.5.	<p>See General Comments section above. These are not additional requirements above the individual application process but additional information.</p> <p>The text should be unambiguous that these are not requirements over and above the application of individual solo entity models. As mentioned above, the group model may encompass or replace the individual internal model applications.</p> <p>Suggested replacement paragraph: "The application process and information requirements are based on those defined for individual internal models. This section identifies the additional information required for the application of a group internal model. To be clear, the group application process is not an addition to individual solo model approvals but replaces these."</p>	CEIOPS will carry out further work to explain how this will work in practice.
45.	International Underwriting Association of London	3.5.	We are concerned with the use of the term "additional requirements"; we believe that this paragraph should be clear with regards to the fact that approval for group internal models, is not in addition to individual requirement from the perspective of the entity applying for approval, and merely that this paper relates to additional measures for group applications.	CEIOPS will carry out further work to explain how this will work in practice.
46.	PEARL GROUP LIMITED	3.5.	As mentioned in General Comments section above. These are not additional requirements above the individual application process but additional information.	CEIOPS will carry out further work to explain how this will work in practice.
47.	RBSI	3.7.	We strongly agree that participations that the group does not	Noted

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			control should not be included in the scope of the internal model.	
48.	XL Capital Ltd	3.7.	<p>"In the present paper, CEIOPS always considers that all the related undertakings of the group may be included in the scope of the internal model... However, CEIOPS considers that it is unlikely that a group includes participations which the group does not control in the scope of the internal model. In these cases, it is indeed likely that it will be impossible for groups to fulfil the Use test"</p> <p>Would CEIOPS opinion that it will be impossible for groups to fulfil the use test also apply to a group with significant operations in a third country?</p>	See CP 56 for Use Test and further advice by IGSC on centralized risk management. CEIOPS recognises that further work is needed in regard of the use test for groups.
49.	XL Capital Ltd	3.9.	<p>"Where some related undertakings and/or business units are situated in a third country, the application shall also indicate the country and the third country supervisory authority."</p> <p>This seems to be a reasonable request, however we feel it would be helpful for CEIOPS to expand on this comment and set out how it envisages those third country supervisory authorities will interact with Member State supervisor authorities.</p>	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
50.	XL Capital Ltd	3.10.	<p>b) This paragraph requires that the internal model approval application pack gives a list of the related undertakings and the intra-group transactions (participations, internal retrocessions, loans, etc) taken into account in the model.</p> <p>We read this to mean that related undertakings which do not form part of the group internal model for Solvency II purposes would not be listed.</p>	CEIPS agrees that the sentence mentioned is ambiguous. CP will be modified as all related undertakings shall be listed (see cherry-picking issues).
51.	Association of British	3.11.	It is not clear how exclusion of certain business units from the scope of the Group internal model works when these risks may not	See the future CP on partial internal models.

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	Insurers		be material in the context of the Group but may be material for the Solo entity. Consistency is required between the Group and Solo view in terms risks included in scope but it is not clear how this would work in practice.	
52.	Federation of European Accountants (FEE)	3.11.	The presumption underlying paragraphs 3.11 to 3.14 is that, in circumstances where the insurer can justify exclusion to the supervisor's satisfaction, risks excluded from the (partial) internal model must be covered by the standard formula.	CEIOPS agrees with this interpretation. See CP on partial internal models for more details.
53.	XL Capital Ltd	3.11.	This paragraph allows groups to justify exclusion of some related undertakings or business units from the scope of the internal model where they can demonstrate that this choice does not lead to an underestimation of the risks. However the permission to use the internal model may be subject to the inclusion of some related undertakings or business units in the model within a given timeframe.  We would welcome further explanation of this paragraph in relation to third-country groups where significant operations and potential risks to the group overall will be outside of the EEA.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
54.	Groupe Consultatif	3.12.	At some stage it will be necessary to define a level of immateriality (for example when not including an undertaking on materiality grounds)	Not agreed with this proposition. See CP56 – Art 119 for more details.
55.	RBSI	3.12.	We agree that group should have the option to exclude undertakings with risks that are immaterial and non-(re)insurance undertakings.	Noted
56.	XL Capital Ltd	3.12.	This paragraph gives examples of situations where the group may choose not to include some risks in its internal model. For clarity, we believe that this list should include third-country business units	See CP on partial internal models

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			of a third-country group which do not fall within the Solvency II framework.	
57.	Groupe Consultatif	3.13.	<p>It is better and more clear to split the 3rd bullet into:</p> <ul style="list-style-type: none"> <li>- the model does not cover all risk as defined in the standard model</li> <li>- some of the sub risks are not completely modelled</li> </ul> <p>In addition, two items should be added:</p> <ul style="list-style-type: none"> <li>- some of the risk are not adequately captured (to the opinion of the approver)</li> <li>- fail to meet the use test – i.e. there is a model but it is not used in some of the units.</li> </ul>	<p>See CP on partial internal models</p> <p>Not agreed: a partial internal model is not a model that complies with a partial number of standards of the directive.</p>
58.	Munich RE	3.13.	“partial” needs to be defined more precisely. Coverage degrees (e.g. 90% of assets covered by the internal model suffice a full internal model) should be used.	<p>Not agreed</p> <p>See CP on partial internal models for more details.</p>
59.	RBSI	3.13.	We strongly agree that groups should be able to use a partial model. It is our intention to use the standard formula for less material undertakings within our group.	Agreed but this is a “cherry picking” issue which is dealt with in CP on partial internal models
60.	XL Capital Ltd	3.13.	<p>“...groups may be allowed to use partial internal models where the word “partial” can refer to: some of the related undertakings are modelled but not all...”</p> <p>This implies that a group with operations in third-countries will only ever be able to use a partial internal model. Is this CEIOPS intention?</p>	See CP on partial internal models and CP 60 for clarifications

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61.	Federation of European Accountants (FEE)	3.15.	The Paper acknowledges the “merging” of the results of both models will need to be considered in greater detail in the future Paper on partial internal models.	Noted - See CP on partial internal models
62.	Groupe Consultatif	3.15.	Groupe Consultatif is willing to assist CEIOPS in finding a solution on this.	Noted - See CP on partial internal models
63.	Munich RE	3.15.	This is a crucial aspect that is linked also to the definition of partial internal models. It is important that the upcoming consultation reflects this.	Noted - See CP on partial internal models
64.	RBSI	3.15.	The advice on merging the results of the group internal model with results arising from the standard formula will be important for understanding how partial models will work.	Noted - See CP on partial internal models
65.	RBSI	3.17.	The definition of a major business unit will be important for determining the appropriate scope of the group internal model	Noted - See CP on partial internal models
66.	CRO Forum	3.18.	See 3.27	Noted
67.	AAS BALTA	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3

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				measures (CP on pre-application).
68.	AB Lietuvos draudimas	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed– CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
69.	CRO Forum	3.19.	See 3.28	Noted
70.	DENMARK: Codan Forsikring A/S (10529638)	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

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71.	Groupe Consultatif	3.19.	<p>Most (if not all) Groups will use a common language across the Group in its development of internal models. In most cases this language is English. Asking companies to translate documentation into a number of other languages is not only an expensive burden, but also practically difficult (as the documentation will be continually changing) and a potential source of error and confusion. We would recommend the use of one language in the application process.</p> <p>If undertakings are required to submit their application additionally in languages other than the one agreed with the group supervisor, this requirement should be accompanied by the reasons thereof. In particular, requests for multiple translations should not lead to an undue delay in the approval process.</p>	<p>Not agreed – the question of language needs to be analysed keeping in mind the various legal constraints.</p> <p>Nevertheless, the CP will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous” + the fact that “the contents to be translated should be, if possible, agreed during the pre-application phase in order to avoid undue delay in the approval process, taking into account the burden implied for the undertaking and the legal constraints of the supervisors.”</p> <p>and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
72.	Link4 Towarzystw o	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable	Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the

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	Ubezpieczeń SA		to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
73.	Munich RE	3.19.	Any translation requirements should be restricted to a minimum. It needs to be ensured that the application pack is defined in a form such that no technical papers that are usually written in English require translation. E.g. the model documentation should thus be exempt from translation if it is already in English.	
74.	NORWAY: Codan Forsikring (Branch Norway) (991 502)	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

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75.	RBSI	3.19.	(and para. 3.28) Translation requirements should be agreed during the pre-application planning stage. Translations should only be required where they are strictly necessary in order to reach a decision on the application.	<p>Noted for pre-application</p> <p>Not agreed– CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
76.	RSA Insurance Group PLC	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3</p>

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				measures (CP on pre-application).
77.	RSA - Sun Insurance Office Ltd.	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
78.	SWEDEN: Trygg-Hansa Försäkrings AB (516401-7799)	3.19.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed – CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
79.	XL Capital	3.19.	We would expect it to be sufficient to provide the application pack	CEIOPS does not agree – CP

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	Ltd		<p>in the language of the group supervisor. We do not agree that if one of the supervisory authorities needs to have access to a translation because, on a legal basis, that supervisory authority can only base their decision on documents written in the official language of the Member State, the group applying should be responsible for this translation.</p> <p>These comments also apply to paragraph 3.27 and 3.28</p>	<p>paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
80.	CRO Forum	3.21.	See 3.26	Noted
81.	DIMA (Dublin International Insurance & Management	3.21.	<p>The number of signatures required for approval as outlined could be very large. This text could be modified so that not "all the administrative and management bodies" should sign for related undertakings of a holding company but a more appropriate number, for example the CEO or equivalent.</p>	<p>Not agreed - "administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is</i></p>

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				<i>calculated with the group internal model"</i>
82.	RBSI	3.21.	We believe that requiring the sign-off of administrative and management bodies of all undertakings applying for to calculate the group SCR with the internal model is unnecessary and the sign-off of the group administrative or management body should be sufficient. It is the job of governance within the group to ensure that the undertakings are aligned with the group decision.	<p>Not agreed - "administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application.</p> <p>CP will be modified accordingly:  <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>
83.	Association of British Insurers	3.22.	We are concerned by the inclusion, in the group application form, of capital requirements for undertakings within the group subject to other solvency requirements and the possibility for supervisors to take any regulatory actions against one of these related undertakings. This seems to go beyond the level 1 requirements of the Solvency II framework.	<p>Not agreed:</p> <ul style="list-style-type: none"> <li>- The inclusion of these capital requirements are necessary to assess the solvency of the group</li> </ul> <p>There is no possibility for the group supervisor to take any regulatory action against a non-</p>

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				<p>S2 undertaking.</p> <p>CP seems ambiguous on this point and paragraph 3.23. will be slightly modified (repeat "take into account" twice)</p>
84.	CEA, ECO-SLV- 09-432	3.22.	<p>This seems to go beyond the level 1 requirements of the Solvency II framework.</p> <p>We are concerned by the inclusion, in the group application form, of capital requirements for undertakings within the group subject to other solvency requirements and the possibility for supervisors to take any regulatory actions against one of these related undertakings.</p>	<p>Not agreed:</p> <ul style="list-style-type: none"> <li>- The inclusion of these capital requirements are necessary to assess the solvency of the group</li> </ul> <p>There is no possibility for the group supervisor to take any regulatory action against a non-S2 undertaking.</p> <p>CP seems ambiguous on this point and paragraph 3.23. will be slightly modified (repeat "take into account" twice)</p>
85.	PEARL GROUP LIMITED	3.22.	<p>We are concerned by the inclusion, in the group application form, of capital requirements for solo undertakings within the group subject to other solvency requirements and the possibility for supervisors to take any regulatory actions against one of these related undertakings. This seems to go beyond the level 1 requirements of the Solvency II framework.</p>	<p>Not agreed:</p> <ul style="list-style-type: none"> <li>- The inclusion of these capital requirements are necessary to assess the solvency of the group</li> </ul> <p>There is no possibility for the group supervisor to take any regulatory action against a non-S2 undertaking. CP seems ambiguous on this point and paragraph 3.23. will be slightly</p>

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				modified (repeat "take into account" twice)
86.	RBSI	3.22.	(and paras. 3.23 & 3.24) This should only apply to related undertakings that are included in the internal model to prevent the application becoming unduly onerous for both the supervisors and the group	Not agreed – solo regulatory capital should already be known by the group so the inclusion of it in the application pack is not onerous.
87.	XL Capital Ltd	3.22.	This paragraph cross references the reader to CP60 for details on situations where related undertakings in the group may be subject to different solvency requirements other than those prescribed in the Solvency II regime, such as non-EEA entities. However CP 60 does not provide us with sufficient detail to understand how CEIOPS envisage these entities interacting with Solvency II. Please see our response to CP 60.	See CP 60
88.	Association of British Insurers	3.23.	See comments under 3.22	Noted
89.	CRO Forum	3.23.	The meaning of this paragraph is not entirely clear. We assume it is referring to entities outside Europe and to taking into account action being taken against such entities locally. It could also be interpreted as including the possibility that a Solvency 2 supervisory authority may take regulatory actions against a non – Solvency 2 undertaking. We would ask CEIOPS to provide further clarification.	There is no possibility for the group supervisor to take any regulatory action against a non-S2 undertaking.  CP seems ambiguous on this point and paragraph 3.23. will be slightly modified (repeat "take into account" twice)
90.	PEARL GROUP	3.23.	As per comments under 3.22	Noted

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91.	XL Capital Ltd	3.23.	<p>"The group supervisor and other supervisory authorities concerned will need all relevant information about the specific regulatory requirements that apply to the undertakings that are outside of the Solvency II regime."</p> <p>It is not clear what is meant by "all relevant information" in this context.</p>	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
92.	Association of British Insurers	3.24.	See comments under 3.22	Noted
93.	CEA, ECO-SLV-09-432	3.24.	See comment to 3.22	Noted
94.	CRO Forum	3.24.	<p>"CEIOPS recommends that the group's application shall also contain an assessment of the solo regulatory capital requirements for the related undertakings not subject to the Solvency II regime"</p> <p>This requirement goes beyond the level 1 requirements in the Solvency II Framework Directive. We disagree with the requirement to provide to the Group supervisor in addition all (local) regulatory capital requirements also for subsidiaries regulated outside of Solvency 2. We deem this information as being inappropriate to get an indication of the riskiness of specific subsidiaries as the riskiness of a relationship needs to be captured in the solvency assessment of the regulated entity according to Solvency 2 principles. Thus it is unclear why CEIOPS is proposing to include entities that fall outside the scope of Solvency II (e.g. non-European subsidiaries and non-insurance entities) as part of the group's application process.</p>	<p>CEIOPS agrees that the CP is unclear on this point but does not agree with the idea proposed. The knowledge of the local capital requirements is necessary, at least in order to assess the transferability of the capital of the related undertaking.</p> <p>CP will be modified to include in paragraph 3.24: "This information is necessary for the supervisor to assess the transferability of the capital of the related undertakings".</p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		
			<p>In addition this does not seem to be an issue relevant for companies using an internal model only but would also apply for companies using the standard model. Therefore we do not see why this should be a specific requirement for internal model approval.</p> <p>This also implies that non-EEA subsidiaries in equivalent regions consolidated on local basis are also included as part of the internal model approval process.</p> <p>These entities are as relevant for companies using an internal model as for companies using the standard model. Therefore we do not see why this should be a specific requirement for internal model approval and would be better covered in the ORSA.</p> <p>In any case this requirement seems to go beyond the level 1 requirements in the Solvency II Framework Directive.</p>	See CP 60 (in groups using the standard formula, non-EEA subsidiaries are asked to provide some information as well)
95.	Federation of European Accountants (FEE)	3.24.	Where applicable, the insurer's application shall contain an assessment of the "non-Solvency II" regulatory capital requirements applicable to non-insurance undertakings within the insurer's group. This comment also applies to paragraph 3.25.	Agreed – already in the CP
96.	Groupe Consultatif	3.24.	It should be clarified how this requirement is to be calculated, including whether the solo SCR of those undertakings should be calculated by means of the internal model or by means of the Solvency II standard formula. If the latter is meant, than this could lead to an undue burden if the undertaking's contribution to the overall risk is negligible. Furthermore, it should be clarified how to deal with those undertakings during the time period of parallel SCR calculation using the standard approach and the internal model.	Agreed  CP will be modified accordingly by stating that: (the application) "should also contain an assessment of the solo regulatory capital requirements for the related undertakings not subject to the solvency II regime. These requirements shall be assessed under the requirements of the current local regime"

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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97.	Munich RE	3.24.	It is unclear on which basis this assessment is meant. We suggest to base it on the local statutory requirements only and leave the economic assessment to the consolidated internal group model	Agreed  CP will be modified accordingly by stating that : (the application) "should also contain an assessment of the solo regulatory capital requirements for the related undertakings not subject to the solvency II regime. These requirements shall be assessed under the requirements of the current local regime"
98.	PEARL GROUP LIMITED	3.24.	As per comments under 3.22	Noted
99.	XL Capital Ltd	3.24.	"CEIOPS recommends that the group's application shall also contain an assessment of the solo regulatory capital requirements for the related undertakings not subject to the Solvency II regime."  We are concerned by the inclusion, in the group application form, of capital requirements for undertakings within the group subject to other solvency requirements and the possibility for supervisors to take any regulatory actions against one of these related undertakings. This seems to go beyond the level 1 requirements of the Solvency II framework.	There is no possibility for the group supervisor to take any regulatory action against a non-S2 undertaking. CP seems ambiguous on this point and paragraph 3.23. will be slightly modified (repeat "take into account" twice)
100.	CEA, ECO-SLV-	3.25.	In section c) it is unclear what the capital requirements mentioned are: are they current (Solvency I) requirements, the results of	Agreed  CP will be modified accordingly by

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		
	09-432		(unapproved) model calculations or other?  f) The transitional plan may include tentative milestones as the plan to include, later on, non covered Group's undertakings in the Group internal model may require specific studies, not yet finalized or even launched at the date of the Group pre-application process. These studies will assert the feasibility of reaching target dates for each non covered undertaking.	stating that : (the application) "should also contain an assessment of the solo regulatory capital requirements for the related undertakings not subject to the solvency II regime. These requirements shall be assessed under the requirements of the current local regime"
101.	CRO Forum	3.25.	See 3.24	Noted
102.	FFSA	3.25.	f) The transitional plan may include tentative milestones as the plan to include, later on, non covered Group's undertakings in the Group internal model may require specific studies, not yet finalized or even launched at the date of the Group pre-application process. These studies will assert the feasibility of reaching target dates for each non covered undertaking.	Needs to be consistent with solo requirements
103.	German Insurance Association – Gesamtverb and der D	3.25.	In section c) it is unclear what the capital requirements mentioned are: are they current (Solvency I) requirements, the results of (unapproved) model calculations or other?  f) The transitional plan may include tentative milestones as the plan to include, later on, non covered Group's undertakings in the Group internal model may require specific studies, not yet finalized or even launched at the date of the Group pre-application process. These studies will assert the feasibility of reaching target dates for each non covered undertaking.	Agreed  CP will be modified accordingly by stating that : (the application) "should also contain an assessment of the solo regulatory capital requirements for the related undertakings not subject to the solvency II regime. These requirements shall be assessed under the requirements of the current local regime"

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<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>				
				Needs to be consistent with solo requirements
104.	Groupe Consultatif	3.25.	It is important to consider materiality. In particular para 3.25 (d): it should only be "significant" intragroup transactions that are of importance	The scope of transactions covered is the same as in the CP 61 (paragraphs 3.42 to 3.46)
105.	Munich RE	3.25.	d) Only major transaction should be covered. Proportionality should be considered.	The scope of transactions covered is the same as in the CP 61 (paragraphs 3.42 to 3.46)
106.	Association of British Insurers	3.26.	<p>We believe the language(s) of the application should be agreed with the group supervisor. Once this is agreed there should not be a responsibility for the group to translate the application into further languages. This seems like an open-ended commitment that might prove very burdensome and could lead to important delays in the consideration of the application.</p> <p>Furthermore, we believe it would be extremely burdensome to require all the management bodies of all entities participating in the group internal model to sign the cover letter. This could entail an epic courier relay around the globe collecting hundreds of signatures. It should suffice for the board of the topmost company in the group to sign the letter.</p>	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p> <p>(Furthermore) -&gt; Not agreed -</p> <p>"administrative and management bodies" (and not the CEO) are responsible for the application</p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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				<p>(see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>
107.	CEA, ECO-SLV- 09-432	3.26.	<p>The benefit of having all administrative or management bodies of the undertakings sign the cover letter is unclear.</p> <p>This requirement seems bureaucratic and an unnecessary burden that may delay the process of submitting the application. Although we recognize Ceiops' desire to have all the undertakings approve a group internal model application, it should be companies' responsibility to ensure that internal models (whether group or not) are bought into by the business. The use test should identify whether the model is used to run both the group and individual business units decisions and this should provide the assurance required by supervisors. In fact, we believe that this would provide greater assurance than a signed cover letter.</p>	<p>Not agreed</p> <p>"administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative</i></p>

Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09			CEIOPS-SEC-128-09
Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model			
			<p>Suggested redrafting: Remove paragraph.</p> <p>If not removed: Approval by "the administrative or management bodies of all the undertakings" (instead of "all the administrative or management bodies of the undertakings").</p> <p><i>and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>
108.	CRO Forum	3.26.	<p>"The cover letter requesting approval shall be approved and signed by all the administrative or management bodies of the undertakings applying for permission to calculate the group Solvency Capital Requirement with the internal model, namely an undertaking and its related undertakings or the related undertakings of a holding company."</p> <p>We do not fully agree with this statement. It is important to highlight that management and administrative bodies are considered as a collective and only one signature per undertaking seeking approval should be sufficient. If a company is managed on the country unit or business unit level these management bodies should sign off at that level.</p> <p>Not agreed</p> <p>"administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>
109.	German	3.26.	<p>The benefit of having all administrative or management bodies of</p> <p>Not agreed</p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b> <b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		<b>CEIOPS-SEC-128-09</b>
	Insurance Association – Gesamtverb and der D		<p>the undertakings sign the cover letter is unclear.</p> <p>This requirement seems bureaucratic and an unnecessary burden that may delay the process of submitting the application. Although we recognize CEIOPS’ desire to have all the undertakings approve a group internal model application, it should be companies’ responsibility to ensure that internal models (whether group or not) are bought into by the business. The use test should identify whether the model is used to run both the group and individual business units’ decisions and this should provide the assurance required by supervisors. In fact, we believe that this would provide greater assurance than a signed cover letter.</p> <p>Suggested redrafting: Remove paragraph.</p> <p>If not removed: Approval by “the administrative or management bodies of all the undertakings” (instead of “all the administrative or management bodies of the undertakings”).</p>	<p>“administrative and management bodies” (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>“all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model”</i></p>
110.	International Underwriting Association of London	3.26.	<p>We believe that it is unnecessarily burdensome for all administrative or management bodies of the undertaking to sign the cover letter for the application of the group internal model, and are unclear of the rationale as to why this is deemed necessary.</p>	<p>Not agreed</p> <p>“administrative and management bodies” (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and</p>

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				<p>management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>
111.	PEARL GROUP LIMITED	3.26.	<p>We believe it would be extremely burdensome to require all the management bodies of all entities participating in the group internal model to sign the cover letter. It should suffice for the board of the topmost company in the group to sign the letter.</p>	<p>Not agreed</p> <p>"administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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112.	XL Capital Ltd	3.26.	Depending on the scope of the group internal model, the requirement to have the administrative or management bodies of all entities participating in the group internal model sign the cover letter is likely to be impractical. Instead perhaps CEIOPS might consider requiring the board of the top-most company in the group to sign the letter.	Not agreed  "administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)  Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i>
113.	Association of British Insurers	3.27.	See comments under 3.26	Noted
114.	CEA, ECO-SLV-09-432	3.27.	3.27 & 3.28 The application pack languages should be limited to the language of the member state of the Group headquarters or English to avoid unnecessary costs to the company.  Although Article 151 suggests supervisors can request documents relating to entities in that state in the official language, for Group	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).  CEIOPS partially agrees (Agreed but no mention of English as a particular language) – paragraph

		<p align="center"><b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b></p> <p align="center"><b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b></p>		<p align="center"><b>CEIOPS-SEC-128-09</b></p>
			<p>models we believe that this could result in high costs for geographically diverse groups. This could also lead to important delays in the consideration of the application. Given the nature of the group application, we believe stronger guidance should be given that the information will be given in an official language of the group supervisor or English.</p> <p>Moreover, it should be possible that the application pack consists of some documents in a official language of the group supervisor as well as some documents in English. It would be an undue burden if undertakings were required to translate any document – e.g. concerning market practice – that is only available in English.</p> <p>Suggested redrafting: Change paragraph 3.27: “The application pack shall be sent to the group supervisor in an official language of its Member State, except if the group supervisor agrees that information is provided in another in either an official language of its Member State or English or a combination of both”.</p> <p>We also note that according to art. 229(1 and 2) the ‘complete application’ for a group internal model - where we translate ‘complete’ as the ‘application pack’ - should be submitted to the Group Supervisor only and it is up to the latter to forward it to the other supervisory authorities concerned. So art. 151 should not apply as the supervisory authorities of the host Member States are not authorised to request such info directly to the insurance undertaking applying for the group internal model.</p>	<p>3.27 of the CP will be modified into: “... The application pack shall be sent to the group supervisor in an official language of its Member State, except if the group supervisor agrees that information is provided in another language or a combination of both an official language and another language”.</p> <p>Not agreed.</p> <p>Art. 151 always applies as it is in the Level 1 Text, if the internal model is used to evaluate the solo SCR.</p> <p>Nevertheless, if a supervisor requires some translated information according to art. 151, he should inform the College of supervisors about it.</p> <p>CP will be modified in 3.28 by adding: “In order to ensure the efficiency of the process, when a supervisor asks for a translation of a part of the documentation related to the internal model (in accordance with Art. 151 of the Level 1 Text), he should inform the College of supervisors about it.”</p>

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			Change paragraph 3.28 and move to pre-application process: "Nevertheless, where one of the supervisory authorities concerned needs to have access to a translation of the application pack or of part of it in another language, The group applying is responsible for this translation."
115.	CRO Forum	3.27.	<p>"The application pack shall be sent to the group supervisor in an official language of its Member State, except if the group supervisor agrees that information is provided in another language."</p> <p>We disagree. If the documentation is provided in English, no additional translations shall be required.</p> <p>As consultation paper 56 explains, the documentation should be sufficient for an independent knowledgeable third party to form a sound judgement as to the reliability of the internal model and the compliance with Articles 118 to 224 and could understand the reasoning and the underlying design and operational details of the internal model. Most technical research and publications are only available in English, the same applies to the CEIOPS consultation papers and QIS technical specifications. Therefore in our view it is no more than realistic to assume that for these knowledgeable people English should be sufficient and it would be an unnecessary waste of money to have this extensive amount of documentation translated in many languages.</p> <p>We would prefer to rephrase to "in the official language of its Member State or English".</p>
			<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
116.	German Insurance Association	3.27.	<p>Para 3.27 and 3.28 The application pack languages should be limited to the language of the member state of the Group headquarters or English to avoid unnecessary costs to the</p>
			<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the</p>

<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>	
		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>	
<p>- Gesamtverb and der D</p>	<p>company.</p> <p>Although Article 151 suggests supervisors can request documents relating to entities in that state in the official language, for Group models we believe that this could result in high costs for geographically diverse groups. This could also lead to important delays in the consideration of the application. Given the nature of the group application, we believe stronger guidance should be given that the information will be given in an official language of the group supervisor or English.</p> <p>Moreover, it should be possible that the application pack consists of some documents in an official language of the group supervisor as well as some documents in English. It would be an undue burden if undertakings were required to translate any document – e.g. concerning market practice – that is only available in English.</p> <p>Suggested redrafting: Change paragraph 3.27: "The application pack shall be sent to the group supervisor in an official language of its Member State, except if the group supervisor agrees that information is provided in another in either an official language of its Member State or English or a combination of both".</p> <p>We also note that according to art. 229(1 and 2) the 'complete application' for a group internal model - where we translate 'complete' as the 'application pack' - should be submitted to the Group Supervisor only and it is up to the latter to forward it to the other supervisory authorities concerned. So art. 151 should not apply as the supervisory authorities of the host Member States are</p>	<p>group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p> <p>CEIOPS partially agrees (Agreed but no mention of English as a particular language) – paragraph 3.27 of the CP will be modified into: "... The application pack shall be sent to the group supervisor in an official language of its Member State, except if the group supervisor agrees that information is provided in another language or a combination of both an official language and another language".</p>	

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		
			<p>not authorised to request such info directly to the insurance undertaking applying for the group internal model.</p> <p>Change paragraph 3.28 and move to pre-application process: "Nevertheless, where one of the supervisory authorities concerned needs to have access to a translation of the application pack or of part of it in another language, The group applying is responsible for this translation."</p>	<p>Not agreed.</p> <p>Art. 151 always applies as it is in the Level 1 Text, if the internal model is used to evaluate the solo SCR.</p> <p>Nevertheless, if a supervisor requires some translated information according to art. 151, he should inform the College of supervisors about it.</p> <p>CP will be modified in 3.28 by adding: "In order to ensure the efficiency of the process, when a supervisor asks for a translation of a part of the documentation related to the internal model (in accordance with Art. 151 of the Level 1 Text), he should inform the College of supervisors about it."</p>
117.	XL Capital Ltd	3.27.	See comments at paragraph 3.19 above	Noted
118.	AAS BALTA	3.28.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity,</p>

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				<p>especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
119.	AB Lietuvos draudimas	3.28.	<p>Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.</p>	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
120.	Association of British Insurers	3.28.	See comments under 3.26	Noted
121.			Confidential comment deleted.	

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122.	CEA, ECO-SLV-09-432	3.28.	As above.	Noted
123.	CRO Forum	3.28.	<p>"Nevertheless, where one of the supervisory authorities concerned needs to have access to a translation of the application pack or of part of it in another language, the group applying is responsible for this translation."</p> <p>We disagree. If the documentation is filed in English, no additional translations shall be required, as explained in 3.27.</p>	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
124.	DENMARK: Codan Forsikring A/S (10529638)	3.28.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are</p>

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				<p>ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
125.	DIMA (Dublin International Insurance & Management)	3.28.	<p>Article 3.4 paragraph b.1b): “any supervisory authority who is able to participate in any supervisory team would be permitted to do so”. In the article 3.36, it is recommended that “the supervisory authorities concerned with the group internal model approval process are those supervising undertakings situated in a Member State and covered by the group internal model.” Still, the definition of “able to participate” has to be clarified. Additionally, in article 3.28, it is written: “where one of the supervisory authorities concerned needs to have access to a translation of the application pack or of part of it in another language, the group applying is responsible for this translation.” This could be quite costly for companies if some supervisors which are not in countries where the group is working are part of the supervisors and request the translations.</p>	<p>Comment on clarification of “able to participate”: the definition is the same as for the paragraph 3.76 of CP 62.</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
126.	FFSA	3.28.	<p>Requiring translation of the application pack whenever a supervisory authority of one of the Group’s entities asks for it would put a heavy administrative burden on international groups. FFSA believes that it would be more meaningful and less time consuming to provide all the documents related to the group in a language that has been pre-agreed with the group supervisor. If translation is needed by a particular supervisor, then he should be responsible for it. International groups certainly will prepare their core documentation in an agreed language among the group so that</p>	<p>Art. 151 always applies as it is in the Level 1 Text, if the internal model is used to evaluate the solo SCR.</p> <p>Nevertheless, if a supervisor requires some translated information according to art. 151, he should inform the College of supervisors about it.</p>

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			they may be shared by all undertakings. Requiring translations would add cost and delay to a schedule that is already very tight	
127.	German Insurance Association – Gesamtverband der D	3.28.	As above.	Noted
128.	Groupe Consultatif	3.28.	We recommend the use of one language only during the application process (see comments to 3.19)	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
129.	Link4 Towarzystwo Ubezpieczeń SA	3.28.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed  CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
130.	Munich RE	3.28.	Any translation requirements should be restricted to a minimum. It	CEIOPS may provide further

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			needs to be ensured that the application pack is defined in a form such that no technical papers that are usually written in English require translation. E.g. the model documentation should thus be exempt from translation if it is already in English.
			guidance on this topic in Level 3 measures (CP on pre-application).
131.	NORWAY: Codan Forsikring (Branch Norway) (991 502	3.28.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.
			Not agreed  CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
132.	RSA Insurance Group PLC	3.28.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.
			Not agreed  CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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				<p>ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
133.	RSA Insurance Ireland Ltd	3.28.	<p>Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.</p>	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
134.	RSA - Sun Insurance Office Ltd.	3.28.	<p>Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.</p>	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor</p>

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				<p>may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
135.	SWEDEN: Trygg-Hansa Försäkrings AB (516401-7799)	3.28.	Strongly disagree. If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
136.	XL Capital Ltd	3.28.	See comments at paragraph 3.19 above	Noted
137.	CRO Forum	3.29.	See 3.30	Noted

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138.	Groupe Consultatif	3.29.	It should be clarified whether the reference to Article 110 includes the 6 month time period for approval in case that new LoBs or related undertakings are to be included in the internal model.	
139.	Association of British Insurers	3.30.	It should be made clear that model changes shall be approved in discussion with the group supervisor only. The group supervisor should then communicate the changes to other supervisory authorities concerned.	The same conditions apply whatever the approval process
140.	CEA, ECO-SLV-09-432	3.30.	<p>Agreed (subject to previous CEA comments on CP 37). However it should be made clear that model changes shall be approved in discussion with the group supervisor only. The group supervisor should then communicate the changes to other supervisory authorities concerned.</p> <p>In order to ensure that the implementation of model changes is timely groups should not have to discuss these with all supervisors involved. The role of the group supervisor should be made clear here.</p> <p>Suggested redrafting: Paragraph 3.30: "The requirements regarding the policy for changing the full and partial internal models for group internal models shall be consistent with the general provisions. In particular, the inclusion in the scope of the internal model of additional business units or related undertakings shall always be considered as model extensions and they shall follow the same approval process as set out in Article 110. The group applying will interact with the group supervisor only. The group supervisor will communicate changes and to other supervisory authorities."</p>	<p>The approval process of a major change is the same as in art 110</p> <p>See answers to comments to CP 37</p>

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		
			<p>In general we agree that the requirements regarding the policy for changing the full and partial internal models for group internal models be consistent with the general provisions, subject to our previous comments. The key points have been repeated below, however please refer to the response provided to CP 37 for details:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The scope of model change policy should be focused on changes directly related to the model. The CEA opposes the maximum scope option which would be very burdensome.</li> <li><input type="checkbox"/> The CEA supports the differentiation between major and minor model changes however would encourage a discussion on benchmarking between these.</li> <li><input type="checkbox"/> Undertakings should not be required to systematically report all changes made in the model – rather companies should be required to record changes which would then be available at the supervisors’ request.</li> <li><input type="checkbox"/> The model change policy should be flexible enough to allow for un-anticipated changes and minor changes should not be subject to pre-approval by supervisors.</li> <li><input type="checkbox"/> Given the large scope of groups’ consolidation, FFSA would like to underline that the proportional rule should only be applied in assessing whether a change is qualified as significant. We wonder how conflicting views may be resolved in the case when a change may appear to be insignificant at group level, but significant at entity level. This question raises the issue of whether the Group pre-application pack and entities’ application packs should be both submitted in the case entities are using the Group internal models for their individual SCR assessment or the solo Group pre-</li> </ul>	See answers to comments to CP 37

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			application pack would be required.	
141.	CRO Forum	3.30.	<p>“The requirements regarding the policy for changing the full and partial internal models for group internal models shall be consistent with the general provisions. In particular, the inclusion in the scope of the internal model of additional business units or related undertakings shall always be considered as model extensions and they shall follow the same approval process as set out in Article 110.”</p> <p>We disagree with this statement and believe that a materiality threshold should be determined before full approval is required, i.e. an extension to include a small business unit (relative to the approved units in terms of SCR for example), providing the model approach is consistent with the approved model, should be treated as a ‘minor change’. This should especially be the case where the business unit is located in a country whose supervisors have already been involved in the approval. (Note: This will also be relevant for solo entities.)</p> <p>Approval of changes which are simply an extension of the scope of an (unchanged) internal model should get a fast-track process for approval. The risk for the supervisor is low as she is already familiar with the internal model as implemented in other parts of the company. This will encourage the use of internal models and cause minimum delay for usage.</p>	<p>Not agreed</p> <p>this has to be consistent with the treatment of changes on a solo basis – see CP 37 solo particularities</p> <p>The particularities of the assessment of a change in a group internal model have to be consistent with the article 229.</p>
142.	FFSA	3.30.	<p>Given the large scope of groups’ consolidation, FFSA would like to underline that the proportional rule should only be applied in assessing whether a change is qualified as significant. FFSA asks how conflicting views may be resolved in the case when a change</p>	<p>For the purposes of this CP, changes are classified as “major” or “minor” and not as “significant” and “insignificant”. Still, the principle of proportionality has to</p>

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			may appear to be insignificant at Group level, but significant at entity level. This question raises the issue of whether a Group pre-application pack and entities' application packs should be both submitted in the case entities are using the Group internal models for their individual SCR assessment or the solo Group pre-application pack would be required.	be applied. All models that are affected by the change are subject to the approval process in the case tackled here.
143.	German Insurance Association – Gesamtverb and der D	3.30.	<p>Agreed (subject to previous GDV comments on CP 37). However it should be made clear that model changes shall be approved in discussion with the group supervisor only. The group supervisor should then communicate the changes to other supervisory authorities concerned.</p> <p>In order to ensure that the implementation of model changes is timely groups should not have to discuss these with all supervisors involved. The role of the group supervisor should be made clear here.</p> <p>Suggested redrafting: Para 3.30: "The requirements regarding the policy for changing the full and partial internal models for group internal models shall be consistent with the general provisions. In particular, the inclusion in the scope of the internal model of additional business units or related undertakings shall always be considered as model extensions and they shall follow the same approval process as set out in Article 110. The group applying will interact with the group supervisor only. The group supervisor will communicate changes and to other supervisory authorities."</p>	<p>Not agreed</p> <p>No need to clarification – the approval process of a major change is the same as in art 110</p>

		<p align="center"><b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b></p> <p align="center"><b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b></p>		<p align="center"><b>CEIOPS-SEC-128-09</b></p>
			<p>In general we agree that the requirements regarding the policy for changing the full and partial internal models for group internal models be consistent with the general provisions, subject to our previous comments. The key points have been repeated below, however please refer to the response provided to CP 37 for details:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The scope of model change policy should be focused on changes directly related to the model. The GDV opposes the maximum scope option which would be very burdensome.</li> <li><input type="checkbox"/> The GDV supports the differentiation between major and minor model changes however would encourage a discussion on benchmarking between these.</li> <li><input type="checkbox"/> Undertakings should not be required to systematically report all changes made in the model – rather companies should be required to record changes which would then be available at the supervisors request</li> <li><input type="checkbox"/> The model change policy should be flexible enough to allow for un-anticipated changes and minor changes should not be subject to pre-approval by supervisors</li> <li><input type="checkbox"/> Given the large scope of groups’ consolidation, FFSA would like to underline that the proportional rule should only be applied in assessing whether a change is qualified as significant. We wonder how conflicting views may be resolved in the case when a change may appear to be insignificant at group level, but significant at entity level. This question raises the issue of whether the Group pre-application pack and entities’ application packs should be both submitted in the case entities are using the Group internal models for their individual SCR assessment or the solo Group pre-</li> </ul>	<p>See CP 37 for solo particularities</p>

			<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>	<b>CEIOPS-SEC-128-09</b>
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			application pack would be required.	
144.	Groupe Consultatif	3.30.	This should be subject to materiality. The business units or undertakings may involve no new risk modules and be immaterial to the group assessment. A need for reapproval could create unnecessary gaps between the approved model and that used internally.	Not agreed  This has to be consistent with the treatment of changes on a solo basis – see solo specificities of CP 37
145.	Munich RE	3.30.	We suggest that the group supervisor shall approve model changes and communicate these changes to other supervisory authorities concerned to allow for a timely implementation of model changes.	Not agreed  This has to be consistent with the treatment of changes on a solo basis – see solo specificities of CP 37 – and with the particularities of the group approval process (see art 229)
146.	PEARL GROUP LIMITED	3.30.	It should be made clear that model changes shall be approved in discussion with the group supervisor only. The group supervisor should then communicate the changes to other supervisory authorities concerned.	Not agreed  No need to clarification – the approval process of a major change is the same as in art 110 and group particularities of the approval process are tackled in art 229
147.	RBSI	3.30.	A time period for approval should be defined for major changes to	Not agreed

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			the internal model and this time period should be significantly less than that for initial approval because only the changes will need to be evaluated.	This has to be consistent with the treatment of changes on a solo basis – see solo specificities of CP 37
148.	CRO Forum	3.31.	We have a real concern that the involvement of a number of supervisory authorities will mean delays to the process. Here it says that the group supervisor and supervisory authorities concerned shall try to reach an agreement on the application within 6 months from receipt. This is weaker than the wording in the main CP.	The timeframe of the process is clearly stated in articles 110 and 229.
149.	Groupe Consultatif	3.31.	The term “without delay” should be clarified more precisely.	Not agreed
150.	RBSI	3.31.	Does CEIOPS believe that it is valid for some undertakings within a group to use a different internal model to the group internal model? We believe that there should only be one internal model, which is used at both the group level and for all group (re)insurance undertakings except those that are to use the standard formula.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
151.	XL Capital Ltd	3.33.	<p>“CEIOPS recommends that the supervisory authorities responsible for the approval process shall be the insurance supervisory authorities of the Member State where the head offices of the subsidiaries are situated.”</p> <p>This paragraph does not seem to consider the possibility that the head offices may be situated in a third-country.</p> <p>Directive Article 229 (5) gives the Group supervisor ultimate responsibility for the decision on the group internal model application.</p> <p>These comments also apply to paragraph 3.55</p>	CEIOPS agrees that paragraph 3.33 is unclear. CP will be modified in order to state that “the supervisory authorities concerned shall be the group supervisor and supervisory authorities of all the Member States in which the head office of all subsidiary undertakings is situated.”

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152.	Federation of European Accountants (FEE)	3.34.	The supervisory authorities concerned with the approval process are those supervising undertakings in a Member State which are covered by the group internal model. However, CEIOPS acknowledges the benefits of consultations, in appropriate circumstances, with the supervisors of undertakings within the group but excluded from the internal model. This comment also applies to paragraphs 3.35 and 3.36.	Noted
153.	CEA, ECO-SLV-09-432	3.35.	<p>There should be no presumptions on the motivation for partial internal models</p> <p>CEA agrees that there should be no cherry picking.</p> <p>In general, it should be assumed that the reasons for developing full and partial internal models are that they will allow a more accurate assessment and quantification of a company's risk exposure as they will be tailored to and designed for the specific needs of the company. To this extent, we believe that undertakings should not be obliged to develop a full model in the future simply as a result of having developed a partial internal model. Indeed, it may be that for certain risk modules the standard formula can be proportionate and therefore appropriate to the scale, nature and complexity of the risks taken by the undertaking.</p>	<p>Noted</p> <p>The CP does not provide any presumptions but examples. No change needed.</p>
154.	XL Capital Ltd	3.35.	Whilst we understand CEIOPS desire to mitigate the risk of cherry-picking, we are concerned about the practicalities of expecting supervisory authorities during the approval process to consult those supervisory authorities dealing with legal entities or business units	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

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			<p>excluded from the scope of the group internal model. This is especially the case where the excluded entities reside in a third-country where the regulatory authority may not be fully conversant with / appreciative of the requirements and time-lines of the Solvency II regime.</p> <p>These comments also apply to paragraph 3.56</p>	
155.	Association of British Insurers	3.36.	<p>The benefit of having all administrative or management bodies of the undertakings sign the cover letter is unclear.</p>	<p>Not agreed</p> <p>"administrative and management bodies" (and not the CEO) are responsible for the application (see art. 114 of the Directive)</p> <p>Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i></p>
156.	PEARL GROUP LIMITED	3.36.	<p>The benefit of having all administrative or management bodies of the undertakings sign the cover letter is unclear.</p>	<p>Not agreed</p> <p>"administrative and management bodies" (and not the CEO) are responsible for the application</p>

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				(see art. 114 of the Directive)  Thus, the administrative and management bodies of the undertakings planning to use the Group Internal Model to assess the solo SCR should sign the application. CP will be modified accordingly: <i>"all administrative and management bodies of undertakings which solo SCR is calculated with the group internal model"</i>
157.	RBSI	3.36.	(and para. 3.56) We strongly agree that only those supervisory authorities that are supervising group undertakings situated in a Member State and covered by the group internal model should be involved with the group internal model approval process. This advice should be extended to restrict those supervisory authorities that can be consulted to those supervising related undertaking that are subject to the Solvency II regime on a solo basis.	Not agreed  (see cherry picking issues)
158.	CEA, ECO-SLV- 09-432	3.37.	It is possible however that the internal model for the specific entity is developed for other purposes or does not yet meet the quality standards required.  Suggested redrafting: Skip the sentence "However, if the group uses an internal model for internal purposes without excluding these entities, Ceiops recommends that the group supervision scope as defined in Article 212 includes at least all modeled undertakings."	Noted  Not agreed with the suggested redrafting  This is already clear in the CP

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159.	XL Capital Ltd	3.37.	<p>Whilst we agree the supervisors should be satisfied with the rationale provided by the group for the exclusion of some entities, we believe this should not act as a deterrent for groups to use internal models.</p> <p>These comments also apply to paragraph 3.57</p>	Noted
160.	Association of British Insurers	3.38.	We agree with CEIOPS the enforcement of Articles 218 and 227 should only be used in exceptional circumstances and as a last resort measure. We would expect these procedures to be only used when other options have been exhausted and after discussion between the group and supervisory authorities.	See CP 60 (diversification issues) as the same considerations apply
161.	CEA, ECO-SLV-09-432	3.38.	We agree with Ceioms the enforcement of Articles 218 and 227 should only be used in exceptional circumstances and as a last resort measure. We would expect these procedures to be only used when other options have been exhausted and after discussion between the group and supervisory authorities.	See CP 60 (diversification issues) as the same considerations apply
162.	GROUPAMA	3.38.	When a local supervisor has difficulty in assessing an internal model for one entity, CEIOPS allows him to require the deduction aggregation method. We do not understand why a group should be penalized due to lack of information from one supervisor. This procedure should be limited to cases when the undertaking is responsible for this lack of information.	See CP 60 (diversification issues) as the same considerations apply
163.	Groupe Consultatif	3.38.	It is difficult to see under what circumstances this would be required, and certainly the application of this paragraph can cause confusion	See CP 60 (diversification issues) as the same considerations apply
164.	PEARL	3.38.	We agree with CEIOPS the enforcement of Articles 218 and 227	See CP 60 (diversification issues)

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	GROUP LIMITED		should only be used in exceptional circumstances and as a last resort measure. We would expect these procedures to be only used when other options have been exhausted and after discussion between the group and supervisory authorities.	as the same considerations apply
165.	RBSI	3.38.	We agree that this alternative should be available in exceptional circumstances.	See CP 60 (diversification issues) as the same considerations apply
166.	XL Capital Ltd	3.38.	We agree with CEIOPS that the enforced use of the "Deduction and aggregation method" and the provisions of Article 227 "Non-availability of the necessary information" should only be used in exceptional circumstances and as a last-resort measure. We would expect these procedures to be only used when other options have been exhausted and after discussion between the group and supervisory authorities.  These comments also apply to paragraph 3.58	See CP 60 (diversification issues) as the same considerations apply
167.	CEA, ECO-SLV-09-432	3.40.	See comment to 3.35.	Noted
168.	Groupe Consultatif	3.45.	Paragraph 3.45 tends to be misleading – maybe "both with" should be replaced by "using a combination of " if this is meant here.	Agreed <i>the CP will be modified accordingly</i>
169.	CEA, ECO-SLV-09-432	3.47.	We fully support the option for the group supervisor to consult Ceiops.	Noted
170.	Groupe Consultatif	3.47.	There should be a framework for the consultation of CEIOPS during the approval process. In particular, it should be specified who will	This will be partially treated in the CP on Level 3 pre-application and

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			be addressed, how the availability of resources is ensured, and whether the CEIOPS experts group could contain supervisors engaged in the respective approval process. In particular, it should be addressed whether or not the group supervisor who is responsible for the ultimate decision could be a member of the CEIOPS group processing the consultation.	is linked to the De Larosière report. No need to modify the CP
171.	RBSI	3.47.	We agree that supervisors should be able to consult CEIOPS where there is disagreement between supervisors but if only one supervisor is concerned with all the undertakings in the group that are covered by the group internal model there should be no right to consult.	This right does not seem covered by art 229.
172.	CEA, ECO-SLV- 09-432	3.48.	There should be no further delay if the undertaking underwent a pre-application phase prior to this. In this case there should be no extension of two months.	Not agreed The 2 months delay is clearly stated by Art 229
173.	CRO Forum	3.48.	There should be no further delay if the undertaking underwent a pre-application phase prior to this. In this case there should be no extension of two months.	Not agreed The 2 months delay is clearly stated by Art 229
174.	Groupe Consultatif	3.48.	Who is responsible for reviewing that CEIOPS Advice has been fully taken into account? If the undertaking questions whether this is the case – will there be any escalation procedure?	Not agreed to specify this point No escalation procedure is given in art 229
175.	Munich RE	3.48.	The period should not be extended, especially if the undertaking already went through the pre-application phase	Not agreed The 2 months delay is clearly stated by Art 229
176.	Federation of European	3.53.	As the Paper acknowledges, it would be impractical (and probably undesirable) to limit the situations in which a supervisor could	Comment is unclear

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	Accountants (FEE)		consult CEIOPS – a facility provided for in Article 229 (3). The suggestion that formal “justification” of exercising that right be required (Paragraph 3.53) is not carried forward to the Draft Advice (3.63).	
177.	RBSI	3.53.	It is essential that any decision to consult CEIOPS is properly justified and that the applicant has the right to appeal to CEIOPS if they feel the justification is inadequate given the impact of the delay on the applicant.	Not agreed to specify this point No escalation procedure is given in art 229
178.	Groupe Consultatif	3.54.	It could nevertheless be added that any request for Advice from CEIOPS should be accompanied by understandable reasons transmitted to all affected parties.	Not agreed to specify this point No escalation procedure is given in art 229
179.	RBSI	3.54.	(and para. 3.63) We agree that the right to consult CEIOPS should not be restricted to precise situations but should only apply when there is a disagreement between the supervisors involved in the group internal model.	Not agreed to specify this point No escalation procedure is given in art 229
180.	XL Capital Ltd	3.55.	See comments at paragraph 3.33 above	Noted
181.	Association of British Insurers	3.56.	It is not clear to what extent consultation with external supervisors can help the assessment and what actions the consulted supervisor could take.	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
182.	CEA, ECO-SLV-09-432	3.56.	Agreed. However, it is not clear to what extent consultation with external supervisors can help the assessment and what actions the consulted supervisor could take.  The role and responsibility of the consulted supervisor (covering entities outside of the group model scope) should be outlined in more detail. In particular they should not be able to slow-down or	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

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		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		
			<p>make additional requirements to the group application. Recourse should be limited to changing the solo requirements (which apply in this case as the entity is excluded from the group model) and providing information to the lead supervisor. We believe that this is consistent with the Level 1 text and the proposals in CP60.</p> <p>Suggested redrafting: "Nevertheless the other supervisory authorities involved in the group supervision may be consulted during the approval process. The purpose of this is to ensure that the group does not derive any benefit from excluding parts of the business from the group model scope. The other supervisory authorities shall not be able to slow down the process or make additional requirements to the group application."</p>	<p>Agreed</p> <p>CP will be modified in paragraph 3. 56 with drafting suggestion (see cherry picking issues)</p> <p>Not agreed with this last sentence as the time schedule of the approval process is already clearly defined by art 229 and CP 37</p>
183.	CRO Forum	3.56.	The involvement in the process of other supervisory authorities, particularly those from outside the EEA, should not be allowed to unduly delay the (pre-) approval process.	The time schedule of the approval process is already clearly defined by art 229 and CP 37
184.	German Insurance Association - Gesamtverb and der D	3.56.	<p>Agreed. However, it is not clear to what extent consultation with external supervisors can help the assessment and what actions the consulted supervisor could take.</p> <p>The role and responsibility of the consulted supervisor (covering</p>	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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			<p>entities outside of the group model scope) should be outlined in more detail. In particular they should not be able to slow-down or make additional requirements to the group application. Recourse should be limited to changing the solo requirements (which apply in this case as the entity is excluded from the group model) and providing information to the lead supervisor. We believe that this is consistent with the Level 1 text and the proposals in CP 60.</p> <p>Suggested redrafting: "Nevertheless the other supervisory authorities involved in the group supervision may be consulted during the approval process. The purpose of this is to ensure that the group does not derive any benefit from excluding parts of the business from the group model scope. The other supervisory authorities shall not be able to slow down the process or make additional requirements to the group application."</p>	<p>Agreed</p> <p>CP will be modified in paragraph 3. 56 with drafting suggestion (see cherry picking issues)</p> <p>Not agreed with this last sentence as the time schedule of the approval process is already clearly defined by art 229 and CP 37</p>
185.	XL Capital Ltd	3.56.	See comments at paragraph 3.35 above	Noted
186.	Association of British Insurers	3.57.	Whilst we agree the supervisors should be satisfied with the rationale provided by the group for the exclusion of some entities, we believe this should not act as a deterrent for groups to use internal models.	Noted

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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187.	CEA, ECO-SLV- 09-432	3.57.	<p>Agreed. In particular, excluding undertakings that are included in the internal model would make it difficult for the company to pass the use test. It should be clear that requesting that entities be removed from the models will be exceptional and will only occur where the internal model provides a less indicative result than the solo SCR. It is possible indeed that the internal model for the specific entity is developed for other purposes or does not yet meet the quality standards required.</p> <p>Suggested redrafting: "Article 212 of the Level 1 Text states that supervisory authorities may, under certain conditions, exclude some related undertakings from the scope of supervision. However, if the group uses its internal model for internal purposes without excluding these entities, Ceiops recommends that the group supervision scope as defined in Article 212 includes at least all modeled undertakings. It is expected that exclusions will be exceptional and will only occur where it is clear that the internal model provides a less robust result than the solo SCR calculation."</p>	CEIOPS recognises that further work is needed in regard of the use test for groups.
188.	FFSA	3.57.	<p>Group supervision and modeled undertakings: FFSA suggests that this provision should be written as a principle that may authorise exceptions based on documented arguments by the Group. Indeed we may consider situations where internal models are used internally (i.e. not to calculate individual SCR) by an entity and where these internal models are not yet fit to be added to the Group internal models either as documentation, parameters or modeling might not yet be at the Group standards,. The key issue here is the timeline required by the inclusion process and the significance of the exclusion. Including all internal models used</p>	See CP 60 about the exclusion of entities

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			internally throughout Europe may require a lot of work that might not be necessary to cover significant risks at Group level. Obviously this issue may be addressed by the transitional plan.	
189.	German Insurance Association – Gesamtverb and der D	3.57.	<p>Agreed. In particular, excluding undertakings that are included in the internal model would make it difficult for the company to pass the use test. It should be clear that requesting that entities be removed from the models will be exceptional and will only occur where the internal model provides a less indicative result than the solo SCR. It is possible indeed that the internal model for the specific entity is developed for other purposes or does not yet meet the quality standards required.</p> <p>Suggested redrafting: “Article 212 of the Level 1 Text states that supervisory authorities may, under certain conditions, exclude some related undertakings from the scope of supervision. However, if the group uses its internal model for internal purposes without excluding these entities, CEIOPS recommends that the group supervision scope as defined in Article 212 includes at least all modeled undertakings. It is expected that exclusions will be exceptional and will only occur where it is clear that the internal model provides a less robust result than the solo SCR calculation.”</p>	CEIOPS recognises that further work is needed in regard of the use test for groups.
190.	PEARL GROUP LIMITED	3.57.	Whilst we agree the supervisors should be satisfied with the rationale provided for the exclusion of some entities, this should not be allowed to impact our ability to use internal models.	Noted
191.	XL Capital Ltd	3.57.	See comments at paragraph 3.37 above	Noted

		<b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b>		<b>CEIOPS-SEC-128-09</b>
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192.	Association of British Insurers	3.58.	<p>See comments under 3.57</p> <p>Third country issues (US, Japan): we would welcome further advice on how to deal with a local regulator outside the EEA who chooses not to provide any support and/or documentation for the approval of the Internal Model, that may be excluded from the scope as currently written. This is important for European Groups as most perform at least a third of their business in the US or Asia. Also see concerns in CP60.</p>	<p>Noted</p> <p>See CP 60 for the third country issues</p>
193.			Confidential comment deleted.	
194.	CEA, ECO-SLV-09-432	3.58.	<p>See above.</p> <p>The CEA is also concerned by Ceiops' statement which states that in cases where the supervisory authorities have real difficulties in accessing the information needed to assess the internal model, the supervisory authorities may force the group to use the deduction and aggregation method set out in Article 218, or the provisions in Article 227. Ceiops should clearly state that this would only apply to situations where the Group is responsible for providing such missing information, but certainly not to the case when another supervisor (be it from an EEA or a non-EEA country) does not provide such information. Indeed, it would not be acceptable to penalize insurance Groups because of the failure of the Group supervisor to obtain information from a local supervisor (a process on which insurance Groups have absolutely no control). The CEA instead rather encourages Ceiops to define with the supervisors in the main insurance markets within and outside the EU practicable solutions so that the Group supervisor can effectively take the related undertakings into account in its assessment of an internal</p>	<p>Noted</p> <p>Not agreed</p> <p>Even if the causes are not the same, the consequences of not having information is not the same (the choice of having related undertakings in non-cooperative countries is in control of the group).</p> <p>See CP on pre-application and work done on equivalence by CEIOPS</p>

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			model”.	
195.	CRO Forum	3.58.	<p>We agree with the advice that the enforcement of a consolidation method or the provisions of Article 227 should only be used in exceptional circumstances and as a last resort measure. We would expect these procedures to be only used when other options have been exhausted and after discussion between the group and supervisory authorities.</p> <p>However, we would like to have more advice on what “exceptional circumstances” means.</p> <p>In addition, CEIOPS should clearly state that this penalization would only apply to situations where the Group is responsible for providing such information, but certainly not to the case when another supervisor (from an EEA or a non-EEA country) does not provide such information (which is absolutely not in the control of an insurance group). That’s why, once again, the CRO Forum would encourage CEIOPS to define practicable solutions with the main markets’ regulators regarding the assessment/ validation of an internal model.</p>	<p>Noted – that’s why it is stated “in exceptional circumstances”</p> <p>See CP 57 and CP 60 (same definition applies)</p> <p>Not agreed Even if the causes are not the same, the consequences of not having information is not the same (the choice of having related undertakings in non-cooperative countries is in control of the group).</p> <p>See CP on pre-application and work done on equivalence by CEIOPS</p>
196.	FFSA	3.58.	<p>FFSA is concerned by CEIOPS’ statement that, in case they have real difficulties to access the information needed to assess the internal model, the supervisory authorities may force the group to use the deduction and aggregation method set out in Article 218, or even the provisions of Article 227. CEIOPS should clearly state that this would only apply to situations where the Group is responsible for providing such missing information, but certainly not to the case</p>	<p>Not agreed</p> <p>Even if the causes are not the same, the consequences of not having information is not the same (the choice of having related undertakings in non-</p>

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			<p>when another supervisor (be it from an EEA or a non-EEA country) does not provide such information. Indeed, it would not be acceptable to penalize insurance Groups (potentially in an extremely severe manner) because of the failure of the Group supervisor to obtain information from a local supervisor (a process on which insurance Groups have absolutely no control). FFSA rather encourages CEIOPS to define with the supervisors in the main insurance markets within and outside the EU practicable solutions so that the Group supervisor can effectively take the related undertakings into account in its assessment of an internal model</p>	<p>cooperative countries is in control of the group).</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application). See also work done on equivalence by CEIOPS</p>
197.	German Insurance Association – Gesamtverb and der D	3.58.	<p>See above.</p> <p>The GDV is also concerned by CEIOPS’ statement which states that in cases where the supervisory authorities have real difficulties in accessing the information needed to assess the internal model, the supervisory authorities may force the group to use the deduction and aggregation method set out in Article 218, or the provisions in Article 227. CEIOPS should clearly state that this would only apply to situations where the Group is responsible for providing such missing information, but certainly not to the case when another supervisor (be it from an EEA or a non-EEA country) does not provide such information. Indeed, it would not be acceptable to penalize insurance Groups because of the failure of the Group supervisor to obtain information from a local supervisor (a process on which insurance Groups have absolutely no control). The GDV instead rather encourages CEIOPS to define with the supervisors in the main insurance markets within and outside the EU practicable solutions so that the Group supervisor can effectively take the related undertakings into account in its assessment of an internal model”.</p>	<p>Not agreed</p> <p>Even if the causes are not the same, the consequences of not having information is not the same (the choice of having related undertakings in non-cooperative countries is in control of the group).</p> <p>CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application). See also work done on equivalence by CEIOPS</p>

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198.	Groupe Consultatif	3.58.	See comments to 3.38	Noted
199.	PEARL GROUP LIMITED	3.58.	As per comments under 3.57	Noted
200.	XL Capital Ltd	3.58.	See comments at paragraph 3.38 above	Noted
201.	Association of British Insurers	3.59.	See comments under 3.57	Noted
202.	PEARL GROUP LIMITED	3.59.	As per comments under 3.57	Noted
203.	Association of British Insurers	3.60.	See comments under 3.57	Noted
204.	CEA, ECO-SLV-09-432	3.60.	<p>Agreed. However, greater guidance on the types of justification that would be considered appropriate is required.</p> <p>Some benchmarking of appropriate materiality levels, timing for inclusion of new entities into the model etc. would be helpful. In addition only one supervisor should assess the exclusions – this should be the lead supervisor (potentially addressed in CP56).</p>	<p>Not agreed to provide guidance – examples are in paragraph 3.12</p> <p>Not agreed</p> <p>This is part of the approval process and follows the same rules (+ CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-</p>

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			Suggested redrafting: " <del>Supervisory authorities</del> The group supervisor shall assess whether justifications for the exclusions of undertakings or business units from the internal model provided by a group are appropriate."	application).)
205.	German Insurance Association – Gesamtverband der D	3.60.	<p>Agreed. However, greater guidance on the types of justification that would be considered appropriate is required.</p> <p>Some benchmarking of appropriate materiality levels, timing for inclusion of new entities into the model etc. would be helpful. In addition only one supervisor should assess the exclusions – this should be the lead supervisor (potentially addressed in CP56).</p> <p>Suggested redrafting: "<del>Supervisory authorities</del> The group supervisor shall assess whether justifications for the exclusions of undertakings or business units from the internal model provided by a group are appropriate."</p>	<p>Not agreed to provide guidance – examples are in paragraph 3.12</p> <p>Not agreed</p> <p>This is part of the approval process and follows the same rules (+ CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).)</p>
206.	PEARL GROUP LIMITED	3.60.	As per comments under 3.57	Noted
207.	Association of British Insurers	3.61.	See comments under 3.57	Noted
208.	PEARL GROUP	3.61.	As per comments under 3.57	Noted

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	LIMITED			
209.	Association of British Insurers	3.62.	See comments under 3.57	Noted
210.	CRO Forum	3.62.	<p>"If supervisory authorities are not satisfied that all material risks are appropriately taken into account, be it using the group internal model or the standard formula, then they may impose an add-on or require the group to extend the group internal model to risks not yet taken into account."</p> <p>We would like to point out that it is the responsibility of the supervisor to demonstrate why in her opinion the risks are not appropriately taken into account, be it an internal model or a standard model.</p> <p>Article 229 (6) of the Directive gives supervisory authorities the right to impose a capital add-on where they consider that the risk profile of the undertaking under their supervision deviates significantly from the assumptions underlying the internal model approved at the group level. This is an important area where the CRO Forum would suggest to have clear guidelines. Also see concerns expressed in CP57.</p>	See CP 57 as the answer is the same as at solo level
211.	FFSA	3.62.	When non-modelled entities are integrated with the standard formula, the undertaking should not have to prove the efficiency of the standard formula, which should be recognized adequate for all undertakings. The supervisor should be in charge of finding any inadequacies with the standard formula.	See art 117: deviations from the SF

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			<p>FFSA does not understand why a supervisor could force one undertaking to integrate to its internal model non-modelled entities, covered by the standard formula. The undertakings should not be considered a priori as cherry-pickers, the internal model extension should be the charge of the undertaking only</p> <p>FFSA believes that "material risks" should be defined by the CEIOPS in order to ensure some homogenisation in the attribution of capital ad-on.</p>	<p>See CP on partial internal models (cherry-picking issues)</p> <p>See CP 56 – art 119</p>
212.	German Insurance Association – Gesamtverb and der D	3.62.	<p>Supervisors do not have the right to require the company to extend the group internal model and for this requirement to delay approval.</p> <p>This does not reflect our interpretation of the level 1 text – supervisors have the right to request a transitional plan but cannot demand extension. Where supervisors are concerned that internal models do not cover material risks imposing a capital add-on is a sufficient lever. There is a risk that the current wording acts as a deterrent for using internal models as supervisors could then impose model extensions and changes that are not part of the group's development plans. In addition, the provision of a transition plan should not affect the approval of the internal model application.</p> <p>Indeed, when non-modeled entities are integrated with the standard formula, the undertaking should not have to prove the efficiency of the standard formula, which should be recognized adequate for all undertakings. The supervisor should be in charge of finding any inadequacies with the standard formula.</p> <p>We do not understand why a supervisor could force one undertaking to integrate to its internal model non-modeled entities</p>	<p>See CP on partial internal models</p> <p>Not agreed The risk mentioned is low as there are already provisions in art 117 to force the undertaking to use an internal model.</p> <p>Transitional plan : see CP on partial internal models</p> <p>See art 117: deviations from the SF</p>

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			<p>that are covered by the standard formula. The undertakings should not be considered a priori as cherry-pickers, the internal model extension should be the decision of the undertaking only.</p> <p>This is consistent with previous CEA comments in particular para 3.95 in CP 37 in which the CEA stated that it does not endorse the introduction of minor / major modification requirements in the assessment process.</p> <p>Suggested redrafting: "If supervisory authorities the group supervisor (taking into account the views of other involved supervisors) are not satisfied that all material risks are appropriately taken into account, be it using the group internal model or the standard formula, then they may impose an add-on.</p>	<p>See CP on partial internal models (cherry-picking issues)</p> <p>See CP 37</p>
213.	GROUPAMA	3.62.	<p>When non-modelled entities are integrated with the standard formula, the undertaking should not have to prove the efficiency of the standard formula, which should be recognized as adequate for all undertakings. The supervisor should be responsible for proving that the standard formula is inadequate.</p>	<p>See art 117: deviations from the SF</p>
214.	PEARL GROUP LIMITED	3.62.	<p>As per comments under 3.57</p>	<p>Noted</p>
215.	CEA, ECO-SLV-09-432	3.63.	<p>The consultation purpose of Ceiops is not clear. As mentioned in 3.48, the group supervisor may decide whether to follow the Ceiops' Advice. Nevertheless, it shall take Ceiops' advice fully into account.</p> <p>The issue is not whether Ceiops' consultation should be restricted or not but that the purpose of the consultation should be clarified.</p>	<p>Role of CEIOPS: will be clarified in the future depending of future reforms</p>

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			Should Ceiops be considered as a mediator in case of divergence between the undertaking and the supervisory authorities?	
216.	CRO Forum	3.63.	<p>CEIOPS recommends that the right to consult CEIOPS before the end of the six-month period shall not be restricted to precise situation.”</p> <p>In order to contain the risk of using this option to a reasonable level, we would propose to add to this sentence:</p> <p>... restricted to precise situation, but an exercise requires a sound justification to be provided to the undertaking immediately.</p>	No need to clarify as at the end, a document is already stating all the rationale of the decision.
217.	FFSA	3.63.	<p>The consultation purpose of the CEIOPS is not clear. Indeed as mentioned in 3.48, the group supervisor may decide whether to follow the CEIOPS’ Advice. Nevertheless, it shall take CEIOPS’ advice fully into account.</p> <p>The issue is not whether CEIOPS’ consultation should be restricted or not, but that the purpose of this consultation should be clarified. Should CEIOPS be considered as a mediator in case of divergence between the undertaking and the supervisory authorities?</p>	Role of CEIOPS: will be clarified in the future depending of future reforms
218.	German Insurance Association – Gesamtverb and der D	3.63.	<p>The consultation purpose of CEIOPS is not clear. As mentioned in 3.48, the group supervisor may decide whether to follow the CEIOPS’ Advice. Nevertheless, it shall take CEIOPS’ advice fully into account.</p> <p>The issue is not whether CEIOPS’ consultation should be restricted or not but that the purpose of the consultation should be clarified as follows:</p> <p>“CEIOPS renders its decision within the scope of a mediation procedure on the facts presented. When CEIOPS has been</p>	Role of CEIOPS: will be clarified in the future depending of future reforms

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			consulted, the supervisory authorities concerned are obliged – prior to making their joint decision – to duly examine the resulting recommendations provided by CEIOPS. The group supervisor shall provide to the applicant the joint decision taken by all supervisors involved in a document containing the fully reasoned decision and an explanation of any significant deviation from the positions adopted by CEIOPS.”	
219.	Federation of European Accountants (FEE)	3.66.	There is no reason why the transitional plan obligation, which the supervisor can impose under Article 111(2) of the “Framework Directive”, cannot be applied to a group in a manner consistent with its application to a single undertaking.	unclear
220.	CEA, ECO-SLV-09-432	3.68.	<p>Agreed, subject to previous CEA comments on the solo decision making processes being taken into account.</p> <p>Previous comments from CP 37:</p> <p>General comment on paragraph 3.5: CEA agrees on the overall spectrum of possible outcomes of the process. As mentioned before, we expect however that rejections and limited approvals are an absolute exception – also based on the assumption that a pre-approval phase has been successfully undergone by the undertaking.</p> <p>We believe that any rejection or limited approval of an internal model is potentially detrimental to the commercial interest of the firm. Only the approval of internal models should be disclosed. We do not see any merit in the disclosure of model rejections.</p>	See previous answers

		<p align="center"><b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b></p> <p align="center"><b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b></p>		<p align="center"><b>CEIOPS-SEC-128-09</b></p>
			<p>Paragraph 3.114, 3.167: The “approval subject to terms and conditions” and “plan for necessary steps” need a timeframe. We understand that terms and conditions could include “a plan indicating the necessary steps”. The supervisor should also define a time horizon for the submission of such a plan, and we would encourage Ceiops to consider a procedure for when a company fails to submit a feasible plan.</p> <p>Paragraph 3.125: Limited approvals / approvals with terms and conditions should be used instead of requests for major modifications during the approval phase. We understand that a limited approval may be accompanied with an obligation of the company to submit a realistic transitional plan. This possibility (i.e. to require a transitional plan) is close to the alternative to – within the approval process – require major modifications to the model and re-start the approval process. However the practical implications of these two alternatives are fundamentally different (stepwise approval of an internal model vs. full approval by repeating the approval phase). Indeed, major modifications imply a prolongation of the approval phase with the insurance company not being able to use its internal models until it is formally approved.</p> <p>Paragraph 3.128: The review report should in all cases be communicated to the undertaking. We understand from the advice that supervisors will have the discretion over whether they communicate a review report indicating the result of the approval process to the company or not. Supervisors are (by 3.172) only</p>	

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			<p>required to give reasons for the rejection of a model. In our opinion the supervisory authorities should also in the case of approvals send a review report to the undertaking.</p> <p>Paragraph 3.164: we do not see any reason why there is an "approval with later date" option for supervisors. Internal models will allow a more accurate assessment and quantification of a company's risk exposure and in the interest of all they should be used as soon as they are approved.</p> <p>Paragraph 3.172: We expect that in these cases a "waiting period" will only be enforced in exceptional circumstances: "... may enforce in exceptional circumstances".</p> <p>Paragraph 3.179-3.181: Companies should be informed in advance of any disclosure and should have a right to oppose the disclosure of commercially sensitive information CEA agrees that commercial sensitive information regarding companies is never disclosed. It should not however only be up to the company to justify why information is inappropriate or unnecessary to disclose. Limited approvals or model rejections should not be subject to disclosure in any case. We do not see any merit in the disclosure of model rejections. Restricting disclosure to approval decisions could on the contrary create a more positive discrimination toward firms trying to model.</p>	
221.	FFSA	3.68.	Having different decisions both at Group and entity levels would	Comment is unclear

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			make it difficult or even impossible to have strict governance on internal models. As all significant risks at Group level should be covered by Group internal model, we suggest that any difference may be covered by an adequate capital buffer instead of by systematically forcing undertakings to use internal model that would not be certified at Group level. This capital buffer should be discussed with the Group.	
222.	German Insurance Association – Gesamtverband der D	3.68.	Agreed, subject to previous GDV comments on the solo decision making processes being taken into account.	Noted
223.	AAS BALTA	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed  CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
224.	AB Lietuvos	3.69.	If the documents are in an official language that has been agreed	Not agreed

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		<b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b>		
	draudimas		with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
225.	CEA, ECO-SLV-09-432	3.69.	See comment to 3.27: The application pack languages should be limited to a language of the member state of the Group headquarters or English or a combination of both to avoid unnecessary costs to the company.	See answer to 3.27
226.	DENMARK: Codan Forsikring A/S (10529638)	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are</p>

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				<p>ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
227.	FFSA	3.69.	FFSA believes that it would be more meaningful and less time consuming to provide all the documents related to the group in a language pre-agreed with the group supervisor	CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
228.	German Insurance Association – Gesamtverband der D	3.69.	See comment to 3.27: The application pack languages should be limited to a language of the member state of the Group headquarters or English or a combination of both to avoid unnecessary costs to the company.	See answer to 3.27
229.	Link4 Towarzystwo Ubezpieczeń SA	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further</p>

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				guidance on this topic in Level 3 measures (CP on pre-application). Not agreed
230.	NORWAY: Codan Forsikring (Branch Norway) (991 502	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application). Not agreed
231.	RSA Insurance Group PLC	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous". Not agreed

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				For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
232.	RSA Insurance Ireland Ltd	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed  CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous".  For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).
233.	RSA - Sun Insurance Office Ltd.	3.69.	If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.	Not agreed  CP paragraph 3.18 will be modified in order to add that (the group is responsible...) "as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are

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				<p>ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
234.	<p>SWEDEN: Trygg-Hansa Försäkrings AB (516401- 7799)</p>	3.69.	<p>If the documents are in an official language that has been agreed with the lead supervisor that should suffice. The lead supervisor should select a language that is deemed reasonable to all supervisors regulating the firm. Thereafter, if translations are required this should be performed by the local regulator at their cost.</p>	<p>Not agreed</p> <p>CP paragraph 3.18 will be modified in order to add that (the group is responsible...) “as a translation under the responsibility of the supervisor may lead to a loss of fidelity, especially in the case where some parts of the documentation are ambiguous”.</p> <p>For further clarification, see CP 58 and CEIOPS may provide further guidance on this topic in Level 3 measures (CP on pre-application).</p>
235.	<p>XL Capital Ltd</p>	3.70.	<p>“...the group supervisor may require the group applying for Internal model approval, to submit a realistic transitional plan to extend the scope of the internal model.”</p> <p>In such circumstances, where a model is in development and a transition plan has been provided, we would welcome clarification as to whether CEIOPS would expect the supervisor give that group internal model the status of approved, approved subject to a capital</p>	<p>See solo generalities of CP 37</p>

	<p align="center"><b>Summary of Comments on Consultation Paper Addendum - CEIOPS-CP-37/09</b></p> <p align="center"><b>Addendum - L2 Advice on the procedure to be followed for the approval of a group internal model</b></p>	<p align="right"><b>CEIOPS-SEC-128-09</b></p>
	<p>add on, or unapproved.</p>	