

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

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

Name of Company:	The Actuarial Association of Europe (AAE)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; <b>if you change numbering, your comment cannot be processed by our IT tool</b></li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-14-005@eiopa.europa.eu">CP-14-005@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to Consultation Paper on the proposal for implementing technical standards with regard to the procedures to be used for granting supervisory approval for the use of ancillary own-fund items.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comments		
Recital (1)		
Recital (2)	It is not entirely clear whether the mentioned changes refer to changes before, during and/or after approval of the model. For example, in recital (5) it is stated that communications between undertaking and supervisor should start prior to the formal application. The ITS could describe the process when changes to the model are needed during the approval process (for example that the application has to be updated on relevant parts, and that the supervisory authority decided on a case by case basis how much time needs to be added to the six months period), and that the full	

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	model change policy, including prior supervisory approval of major changes, needs to be implemented at the same time as submitting the formal application.	
Recital (3)		
Recital (4)		
Recital (5)		
Recital (6)		
Recital (7)		
Recital (8)		
Recital (9)		
Recital (10)		
Article 1		
Article 2 (1)		
Article 2 (2)	It would be helpful to confirm that the evidence should cover material compliance ie compliance in all areas material to the fitness of the model	
Article 2 (3)	Should the comparison to the standard formula be done with the standard formula parameters in any case, as opposed to comparing to the SF with USPs if the undertaking is using such, which the text now implies ? Both alternatives are reasonable.	
Article 2 (4)		
Article 2 (5)		
Article 3	1 (b) The term « additional risks » could be interpreted as additional policies (or lives or properties insured). It may be helpful to restate this as «additional risk types »	
Article 4 (1)		
Article 4 (2)		
Article 4 (3)		
Article 4 (4)		
Article 4 (5)		

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Article 4 (6)		
Article 4 (7)	It is stated that requests may be made by the supervisor to make amendmends to the model during the application process. The relationship of these required amendmends to the model change policy should be clarified.	
Article 4 (8)	Change “may” to “shall”: If the supervisory authorities determine that it could be possible to approve the internal model subject to adjustments to the internal model being made, they shall notify this to the insurance or reinsurance undertaking.	
Article 4 (9)		
Article 5		
Article 6 (1)		
Article 6 (2)		
Article 6 (3)		
Article 6 (4)		
Article 6 (5)		
Article 6 (6)		
Article 7 (1)		
Article 7 (2)		
Article 7 (3)		
	<p>What would be done if, without a major change ,the undertaking would no longer comply with the mentioned requirements due do changes in the business or external environment ? Especially in case the changes are not (yet) approved, the situation may occur that the existing, previously approved model is no longer adequate, and the amended model not yet approved. In the past we have discussed fast track temporary approvals – is this a possibility ?</p> <p>It is difficult to understand what the <i>evidence</i> would be in «<i>evidence that, after applying the major change</i> ». As the change has not yet taken place when applying for its approval, there can not yet be any <i>evidence</i>. However, a <i>description of how the model would comply</i>, would be relevant.</p>	
Article 8 (1)		
Article 8 (2)		

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Article 8 (3)		
Article 9 (1)	It is difficult to understand what the <i>evidence</i> would be in « <i>evidence that, after applying the changes, the requirements set out in Article 3 are complied with</i> ». As the change has not yet taken place when applying for its approval, there can not yet be any <i>evidence</i> . However, a <i>description of how the model would comply</i> , would be relevant.	
Article 9 (2)		
Article 10		
Annex I		