



Mr. Carlos Montalvo Rebueta  
Secretary General  
CEIOPS  
Westhafen Tower  
Westhafenplatz 1  
D-60327 Frankfurt Am Main

Ref.: *Addendum CEIOPS-CP-37/09*

11 September 2009

Our Ref.: INS/HvD/LF/ID

Dear Mr. Montalvo Rebueta,

**Re: FEE comments to CEIOPS on Addendum to Consultation Paper No. 37 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: The procedure to be followed for the approval of an internal model: some specificities related to group internal models**

- (1) FEE (the Federation of European Accountants) is pleased to provide you below with its comments on the Addendum to Consultation Paper No. 37 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: The procedure to be followed for the approval of an internal model: some specificities related to group internal models ("the Paper").

### **Detailed comments**

#### **Legal basis**

##### ***Paragraph 2.8***

- (2) 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.

## **Approval Procedures to be followed**

### **Pre-application**

#### ***Paragraph 3.4(c)***

- (3) 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”.

### **Application**

#### ***Paragraphs 3.11 to 3.14***

- (4) 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.

#### ***Paragraph 3.15***

- (5) 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.

#### ***Paragraphs 3.24 and 3.25***

- (6) 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.

### **Assessment**

#### ***Paragraphs 3.34 to 3.36***

- (7) 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.

#### ***Paragraphs 3.53 and 3.63***

- (8) As the Paper acknowledges, it would be impractical (and probably undesirable) to limit the situations in which a supervisor could 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).

## **Decision Making Process**

### ***Paragraph 3.66***

- (9) 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.

For further information on this letter, please contact Ms. Saskia Slomp, Technical Director.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Hans van Damme', written over a horizontal line.

Hans van Damme  
President