



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

Ref.: *CEIOPS-CP-43, 57, 62/09*

11 September 2009

Our Ref.: INS/HvD/LF/ID

Dear Mr. Montalvo Rebuelta,

Re: FEE Comments to CEIOPS on CEIOPS-CP-43/09, CEIOPS-CP-57/09 and CEIOPS-CP-62/09

(1) FEE (the Federation of European Accountants) is pleased to provide you below with its comments on the CEIOPS Consultation Papers Nos. 43, 57 and 62.

Consultation Paper No. 43 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Technical Provisions – Article 85 f Standards for Data Quality

General comments

(2) In our view, it would be helpful if the paper clarified further the differences between the role of the actuarial function and the role of the auditor.

Detailed comments

Paragraphs 3.1, 3.40 and 3.42

(3) According to paragraph 3.1., one of the purposes of this paper is to consider how the quality of the data used in the calculation of technical provisions could be reviewed and validated and by whom such review should be carried out.

- (4) In our opinion, the paper does not provide sufficient clarification on this issue from the perspective of the auditor. Paragraph 3.42 specifically excludes more detailed consideration of the role and analytical work of the actuary, internal auditor and external auditor respectively from this paper. Also it is currently not defined, which specific sets of data will be subject to an audit (refer also to paragraph 3.40).
- (5) We would also like to comment on an aspect regarding the table of content. The table of content refers to the "requirements on internal processes and procedures" as chapter 3.1.4 whereas in the body of text the "requirements on internal processes and procedures" (paragraph 3.32) are presented as a sub-chapter 3.1.3.1 under 3.1.3 "application of the principle of proportionality". We understand that this topic is not intended to be a sub-chapter under 3.1.3 "application of the principle of proportionality" as indicated in the table of content.

Paragraphs 3.41 and 3.80

- (6) According to paragraph 3.41 the actuarial function will be required to 'review' the quality of data and paragraphs 3.41 and 3.80 refer to the general principle, that the actuarial function should judge how much credibility should be assigned to historical data and to prospective assumptions.
- (7) It is not clear what the role of the auditor regarding the validation of the quality of the data is. We therefore recommend providing more clarification on the differences between the role of actuaries and the role of auditors with regard to the quality of data.

Consultation Paper No. 57 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Capital Add-On

General comments

- (8) We share with you our comments in respect to the issues that relate to the external auditors function.
- (9) Overall, we believe that the proposals are logical and appropriate. However, we note that there is a potential issue in the circumstance where a relevant Supervisory Authority has identified a potential deviation and there being a time lag between identification and assessment. Were this delay to coincide with a year-end or other reporting deadline, it is unclear how this matter would affect the regulatory solvency position of the undertaking as pertains the audit. We therefore recommend that guidance be provided on the implications of this scenario.

Consultation Paper No. 62 Draft CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: Cooperation and Colleges of supervisors

General comments

- (10) We are concerned that this paper is too high level regarding how information will be exchanged within the College of Supervisors and how confidentiality is ensured.

For the purpose of supervision of groups, supervisors will exchange and evaluate a large quantity of information. Paragraph 3.18 states that the group report to supervisors (RTS) could form the basis for the exchange of information within the college. The paper should specify the items essential or relevant for supervision at group level. Binding commitments how information will be exchanged among the supervisors should be further specified and it would be helpful if CEIOPS provided more detailed guidance on how confidentiality will be ensured in practice as there is no uniform European Framework for the handling of confidential information.

Detailed comments

Paragraph 3.32

- (11) CEIOPS proposes that the College of Supervisors shall strive to enhance the exchange of information. We propose that CEIOPS specifies the items essential or relevant for supervision at group level. Agreements in Colleges should not override the relevant Level 1 or Level 2 provisions. The exchange of information in Colleges should be limited to information necessary for supervision at group level.

Paragraph 3.85 and 3.89

- (12) In paragraph 3.85, CEIOPS recognises a lack of uniform European Framework on handling of confidential information. We consider it essential that Level 2 advice explains how confidentiality will be handled in practice.

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

Yours sincerely,



Hans van Damme
President