

## **EIOPA Opinion on the use of a Common Application Package for Internal Models**

### **Legal Basis**

1. This opinion is issued under the provisions of Article 29(1)(a) and 29(2) of Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 (hereafter the 'Regulation'). As established in Article 29(1)(a) and 29(2) of the Regulation, EIOPA shall play an active role in building a common Union supervisory culture and consistent supervisory practices, as well as in ensuring uniform procedures and consistent approaches throughout the Union. And it may, as appropriate, develop new practical instruments and convergence tools to promote common supervisory approaches and practices.
2. To this end, EIOPA has provided this opinion concerning the use of a common package for the application to use an internal model for the calculation of the Solvency Capital Requirement (SCR).
3. This opinion is addressed to the National Competent Authorities (NCAs) represented in EIOPA's Board of Supervisors.

### **Context and scope**

4. EIOPA is attentive to the convergence of practices concerning the application process for the approval of internal models. As part of this application process, undertakings which wish to apply for the approval of their internal model for the calculation of the SCR need to provide to their NCA the evidence necessary to show compliance with the relevant requirements set out in the Solvency II Directive and further developed in the Delegated Acts.
5. EIOPA has identified the risk that each NCA develops its own process for collecting the evidence referred to above, or even that no process is developed. This would harm convergence across Member States and could create confusion in the insurance market.
6. EIOPA has developed a common application package to be used as a practical instrument aimed at promoting a common supervisory approach for the application for an internal model. The package is composed of a template and an accompanying explanatory document that will be made available to NCAs.

7. This opinion is aimed at proposing to NCAs the use of such common application package.
8. EIOPA will make the common application package available on its website later in 2014 after receiving feedback from NCAs.

### **Using the Common Application Package**

9. NCAs should recommend undertakings to use the common application package to organise the documentation needed to prove compliance with the requirements relevant to the use of internal models.
10. The package consists of the following main parts:
  - Instructions
  - Self-assessment
  - Background Information
  - Inventory of internal documentation
  - Explanatory document
11. This opinion will be published on EIOPA's website.

Done at Frankfurt am Main, 27 March 2014

[SIGNED]

Gabriel Bernardino

Chairperson

For the Board of Supervisors