

*(only the Italian version is authentic)*

## **IVASS REGULATION NO. 20 OF 3 MAY 2016**

**REGULATION INTRODUCING PROVISIONS ON THE USE OF EXTERNAL EXPERTS FOR INSPECTIONS ON UNDERTAKINGS ABOUT INTERNAL MODELS AS REFERRED TO IN TITLE III, CHAPTER IV BIS, SECTION III OF LEGISLATIVE DECREE NO. 209 OF 7 SEPTEMBER 2005 – PRIVATE INSURANCE CODE.**

### **INSTITUTE FOR THE SUPERVISION OF INSURANCE**

HAVING REGARD to Law No. 576 of 12 August 1982, on the reform of insurance supervision and the establishment of ISVAP;

HAVING REGARD to article 13 of Decree Law No. 95 of 6 July 2012, converted into Law no. 135 of 7 August 2012, concerning urgent measures for the review of public spending with unchanged services for citizens and establishing the institution of IVASS;

HAVING REGARD to Legislative Decree No. 209 of 7 September 2005, introducing the Code of Private Insurance, as amended by Legislative Decree No. 74 of 12 May 2015, implementing Directive No. 2009/138/EC on the taking up and pursuit of the business of insurance and reinsurance and, in particular, articles 189 and 216-ter;

HAVING REGARD to the Delegated Regulation (EU) 35/2015 of the Commission of 10 October 2014 supplementing Directive No. 2009/138/EC on the taking up and pursuit of the business of insurance and reinsurance;

HAVING REGARD to IVASS Regulation No. 3 of 5 November 2013 on the implementation of the provisions of article 23 of Law No. 262 of 28 December 2005, concerning the procedures for the adoption of regulatory and general acts of IVASS;

has adopted the following

### **REGULATION**

#### **CONTENTS**

#### **CHAPTER I - General provisions**

- Art. 1 (Legislative sources)
- Art. 2 (Definitions)
- Art. 3 (Scope)

#### **CHAPTER II – Independent external verification**

- Art. 4 (Request by IVASS)
- Art. 5 (Selection of external expert)
- Art. 6 (Tasks of external experts)
- Art. 7 (Documentation available to the experts)

#### **CHAPTER III – Final provisions**

- Art. 8 (Publication)
- Art. 9 (Entry into force)

## **Chapter I (General Provisions)**

### Article 1 (Legislative sources)

1. This Regulation has been adopted in accordance with articles 189, paragraph 2 and 191, paragraph 1, letters b) and s), of Legislative Decree No. 209 of 7 September 2005 as amended by Legislative Decree No. 74 of 12 May 2015.

### Article 2 (Definitions)

1. For the purposes of this Regulation, the applicable definitions are those laid down by Legislative Decree No. 209 of 7 September 2005, as amended by Legislative Decree No. 74 of 12 May 2015 implementing Directive 2009/138/EC, and by Commission Delegated Regulation (EU) 35/2015. In addition, the following definitions shall apply:
  - b) "Code" – Legislative Decree No. 209 of 7 September 2005, as amended by Legislative Decree No. 74 of 12 May 2015;

### Article 3 (Scope)

1. This Regulation shall apply:
  - a) to insurance and reinsurance undertakings whose head offices are in the territory of the Italian Republic,
  - b) to branches of insurance and reinsurance undertakings whose head offices are in a third country;
  - c) to the ultimate Italian parent companies referred to in article 210, paragraph 2 of the Code.

## **Chapter II (Independent external verification)**

### Art. 4 (Request by IVASS)

1. If IVASS requests an independent external verification in relation to internal models as referred to in articles 46-bis, 207-octies and 216-ter of the Code, the entities referred to in article 3 shall identify, within a period of 30 days after the request, the external experts to whom they wish to assign the verification, thereupon providing IVASS with the evidence that certifies compliance with the selection criteria referred to in article 5.

2. IVASS shall within a period of 30 days make known the existence of any obstacles to the assignment of the independent external verification task to the experts, as referred to in paragraph 1.

#### Art. 5

##### (Selection of external expert)

1. The external experts identified in accordance with article 4, paragraph 1 for the task of independent external verification are independent professionals in possession of pertinent and adequate skills.
2. The character of independence exists where:
  - a) the expert is in no way involved in the decision-making process of the entities referred to in article 3, to whom the IVASS request referred to in article 4, paragraph 1 has been addressed;
  - b) there is no existence, between the expert and the entities referred to in article 3 or the group to which they belong, of financial, business, work or any other direct or indirect relations, including those arising from the provision of services other than those of verification of the internal model, from which an informed, objective and reasonable third party would conclude that the expert's independence is compromised;
  - c) the expert is not called on to verify aspects of the internal model that it has helped to define;
  - d) the expert will take all necessary measures to detect and mitigate risks that may undermine its integrity and independence of judgement.
3. The consideration for the assignment awarded to external experts is determined so as to ensure the quality and reliability of the work and cannot be in any way linked to the outcome of the verifications carried out.

#### Art. 6

##### (Duties of external experts)

1. The request of IVASS, referred to in article 4, paragraph 1, specifies the areas of independent external verification relevant to the task of the external experts.
2. The experts shall report to IVASS on the verification task in the manner and frequency established in the request referred to in paragraph 1.

#### Art. 7

##### (Documentation available to the experts)

1. The undertaking provides the external experts with the documentation deemed necessary for carrying out the tasks assigned to them.

**Chapter III  
(Final Provisions)**

Art. 8  
(Publication)

1. This Regulation is published in the Official Journal of the Italian Republic and in IVASS Bulletin and website.

Art. 9  
(Entry into force)

1. This Regulation shall enter into force on the day after its publication in the Italian Official Journal.

On behalf of the Joint Directorate  
The President