	Comments Template on Impact Assessment and Questions	**Deadline 20 January 2012 12:00 CET**
Name of Company:	FEE	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
	Please follow the following instructions for filling in the template: ⇨ <u>Do **not** change the numbering</u> in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column <u>empty</u>. ⇨ 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>. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, <u>in Word Format</u>, to cp009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.** The numbering of the paragraphs refers to this Consultation Paper.	
Reference	**Comment**	
General Comment		
1.1.		
1.2.		
1.3.		
1.4.		
1.5.		

	Comments Template on Impact Assessment and Questions	Deadline 20 January 2012 12:00 CET
1.6.		
1.7.		
1.8.		
1.9.		
1.10.		
1.11.		
1.12.		
1.13.		
1.14.		
1.15.		
1.16.		
1.17.		
1.18.		
2.1.		
2.2.		
2.3.		
2.4.		
2.5.		
2.6.		
2.7.		

	Comments Template on Impact Assessment and Questions	Deadline 20 January 2012 12:00 CET
3.1.		
3.2.		
3.3.		
3.4.		
3.5.		
3.6.		
4.1.		
4.2.		
4.3.		
4.4.		
4.5.		
4.6.		
4.7.		
4.8.		
4.9.		
4.10.		
4.11.		
4.12.		
4.13.		
4.14.		
4.15.		
4.16.		
4.17.		
4.18.		

	Comments Template on Impact Assessment and Questions	Deadline 20 January 2012 12:00 CET
4.19.		
4.20.		
4.21.		
4.22.		
4.23.		
4.24.		
4.25.		
4.26.		
4.27.		
4.28.		
4.29.		
4.30.		
4.31.		
4.32.		
4.33.		
4.34.		
4.35.		
4.36.		
4.37.		
4.38.	If option B2 is considered, a reference to separate values for investments and derivatives, together with a reference to notional amounts (B2C), seems appropriate to address specificities and risks of derivatives.	
4.39.		
4.40.		
4.41.		
4.42.		

4.43.	Reference to a threshold based on previous year may lead undertakings to be in scope and out of scope from one year to the next. A reference to a broader period, for example a two years' period, should limit movements due to specific circumstances.	
4.44.		
4.45.		
4.46.		
4.47.		
4.48.		
4.49.		
4.50.		
4.51.	We observe that some parts of the Solvency I regulation require a detailed reporting of the list of assets, others not. We also have in mind considerations around various options. We would like to raise that internal needs, for detailed management and reporting of assets, are far more important in Solvency II regulation and have to be carefully considered. Examples : risk management process, calculation and management of the SCR, treatment of delegated activities etc. These require that reliable process exist to identify relevant components of assets to give a good answer to each concern, whatever the option is for the reporting.	
4.52.		
4.53.		
4.54.		
4.55.		
4.56.	We understand that it is proposed here is to define larger and more complex undertakings in relation to the market share (as it will be defined by EIOPA according to one of the options presented in the consultation paper). We do not agree, that the approach suggested by EIOPA is adequate to introduce proportionate requirements for small undertakings for the following reasons : 1) The definition of the market will necessarily be arbitrary to some extent ; 2) Taking European investment coverage as a measure is not a risk sensitive approach ; in	

	fact, it ignores the risk exposure of the investments an insurer holds ; 3) As a consequence volatility in reporting necessities may occur even if a company does not change its investments; 4) In addition to that there could be companies at the threshold who will not know from one year to the next whether they need to comply or not ; 5) It is very unclear who will decide which firms need to comply and at what point of time that decision would be taken. Instead, we propose to implement an absolute size test to clarify if an undertaking has to submit the « detailed list of assets » and the « detailed list of derivatives » templates quarterly. In addition to that disclosures of such classes of investments which are viewed as particular risky may be required.	
4.57.		
4.58.		
4.59.		
4.60.		
4.61.		
4.62.		
4.63.		
4.64.		
4.65.		
4.66.		
4.67.		
4.68.		
4.69.		
4.70.	EIOPA's suggest a flexibility at national level for claims development, based on accidental year or underwriting year. We have some comments : 1. Several MS envisage that most lines of business are reported on an accidental	

	year basis. According to some local practices, lines of business reported on an underwriting year basis may include: marine/aviation, reinsurance, credit insurance and construction. 2. The suggested approach should not achieve a fully harmonised supervisory reporting objective. It is indeed possible that a given line of business is reported on an accidental year basis in one jurisdiction, and on an underwriting year basis in an other. Because claims development tables are only applicable to solo reportings, it should anyway be possible to have an harmonised supervisory reporting at the level of any given country. 3. On claims development tables, low level of guidances are available in IFRS (as compared to US GAAP, where guidances are far more detailed about the 10 years loss development tables). On AC/UWY, current IFRS 4 states that both methods are acceptable. Reference: Underwriting year vs. accident year: IFRS 4 IG61 "IG Example 5 shows one possible format for presenting claims development information. Other possible formats might, for example, present information by accident year rather than underwriting year. Although the example illustrates a format that might be useful if insurance liabilities are discounted, the IFRS does not require discounting (paragraph 25(a) of the IFRS)." Therefore, IFRS would in any cases lean towards a certain flexibility. IFRS contain transitional provisions of 5 financial reporting years to fully complete the 10 years loss development table. Possibly, EIOPA should explicitly envisage transitional provisions that help the undertakings to set up their triangles.	
4.71.		
4.72.		

4.73.		
4.74.		
4.75.		
4.76.		
4.77.		
4.78.		
4.79.		
4.80.	EIOPA's suggested approach is to require information split between case-by-case claims (Reported but not settled, 'RBNS') and IBNRs in both statement of claims liabilities, and detailed loss development tables. We have some comments : 1. Current regulation does not require this approach. 2. In various examples, lack of distinction between case-by-case and IBNR currently do not necessarily illustrate any dysfunction in the way RBNS are computed, but difficulties to qualify and compute the event (even impossible to split for reinsurers). 3. The approach suggested by EIOPA may be burdensome. 4. The proportion of RBNS and IBNR may structurally vary from one class of business to another, from one type of commercial relation (brokers, ...) to another, so that harmonisation should be an objective impossible to achieve. 5. IFRSs currently do not require any split between RBNS and IBNR. A loss development tables without split, along with a statement (in a narrative form) explaining the underlying movements from RBNS and IBNR, when it is material to illustrate the loss development tables, could be an alternative approach. This may be comparable to the way loss development tables are presented in the financial reporting (US GAAP and IFRS), i.e. a supporting evidence of management's discussion.	

	Comments Template on Impact Assessment and Questions	Deadline 20 January 2012 12:00 CET
4.81.		
4.82.		
4.83.		
4.84.		
4.85.		
4.86.		
4.87.		
4.88.		
4.89.		
4.90.		
4.91.		
4.92.	Reliability is one element of relevance for a quarterly BS. Experience shows that a quarterly closing process requires huge efforts and cost and several years period to raise a good quality. Concentrate efforts on specific process as ORSA and specific sensitivity analysis on own funds should be preferable, so that EIOPA suggested approach, which guarantees a certain form of consistency inside the overall quarterly reporting, seems adapted if conditions and threhold are not too restrictive.	
4.93.		
4.94.		
4.95.	We suggest that an extract of the templates related to the Off-balance sheet template should be disclosed in the SFCR, since the information captured by the template is not provided by any quantitative information. VA templates are not disclosed in the SFCR. Nevertheless, explanations should be presented to explain variation of own funds. In a perspective of auditability, we suggest explanations should be linked to the VA QRT.	
4.96.		
4.97.		

Comments Template on Impact Assessment and Questions		Deadline 20 January 2012 12:00 CET
4.98.		
4.99.		
4.100.		
4.101.		
4.102.		
4.103.		
4.104.		
4.105.		
4.106.		
4.107.		
4.108.		
4.109.		
4.110.		
4.111.		
4.112.		
4.113.		
4.114.		
4.115.		
4.116.		
4.117.		
4.118.		
4.119.		
4.120.	The design of the Variation Analysis templates enables to capture all the information necessary for a proper understanding of the causes of variations in the economic balance sheet and own funds from the previous reporting period. Granularity of VA C2C reporting (impact of underwriting – risks during period / risks prior to period /	

	changes in estimates) by line of business facilitates reconciliations with other QRTs (B&S,TP).	
4.121.		
4.122.		
4.123.		
4.124.		
4.125.	We agree that the 3rd option could be used if the narrative on figures is covered by L1 and L2, to ensure a comparibility between different undertakings. In case of SFCR we consider addressing users expectations and we suggest that the level of narrative information is driven by the necessity to give elements of quantitative information at the same level of detail that is expected in case of financial one.	
4.126.		
4.127.		
4.128.		
4.129.		
4.130.		
4.131.	We agree that option 2 (only qualitative narrative for RC with figures included) best reflects objectives described in section 3 of the Impact Assessment. Narrative reporting should contain: - the nature of the risk concentration (single counterparty, sector, underlying risks, country …); - the measure used to quantify such exposure : assets, liabilities, off-balance sheet commitments, capital at risk, number of claims… - the rationale used to determine what is considered by undertakings to be an “important exposure”.	
4.132.		
4.133.		

	Comments Template on Impact Assessment and Questions	Deadline 20 January 2012 12:00 CET
4.134.		
4.135.		
4.136.		
4.137.		
4.138.		
4.139.		
4.140.		
4.141.		
4.142.		
Q1.		
Q2.		
Q3.		
Q4.		
Q5.		
Q6.		
Q7.		
Q8.		
Q9.		