

## Annex XXI – Instructions for new template S.29.06

EIOPA-BoS-19-350

25-26 June 2019

### Analysis of changes of Best Estimate Non-Life

#### General comments:

This Annex contains additional instructions in relation to the templates included in Annex I of this Regulation. The first column of the next table identifies the items to be reported by identifying the columns and lines as showed in the template in Annex I.

This annex relates to annual submission of information for individual entities.

This template focuses on changes in the non-life Best Estimate due to changes in the claims and the premium provisions.

As regards the order of calculation in the table “Analysis of the variation of the Best Estimate-Gross of Reinsurance”, presentation of the order is not deemed prescriptive as to the order in which the calculation is performed, as long as the content of the different cells indeed reflect the purpose and definition of these cells.

Undertakings are required to report data on accident year or underwriting year basis, in accordance with any requirements of the National Supervisory Authority. If the National Supervisory Authority has not stipulated which to use then the undertaking may use accident or underwriting year according to how they manage each line of business provided that they use the same year consistently, year on year.

The purpose of the template is to provide a detailed understanding of the changes of the Best Estimate:

- A detailed breakdown of the variation of Best Estimate – gross of reinsurance by sources of changes
- Key performance indicators on premium provisions
- Undiscounted analysis of the changes in the claims provisions;

This template should be reported by non-life line of business. As regards the split per Lines of business LoB shall refer to both direct business and accepted proportional reinsurance.

As a simplification, undertakings can neglect interest rate effects, exchange rate effects and effects from economic assumptions in the “Analysis of the Best Estimate” table if these are deemed immaterial for the corresponding LOB. In that case the variation can be reported in the cell “other changes-not elsewhere explained”.

In the table “Analysis of undiscounted movements” the column C0060 “Gross of reinsurance-Non-Life annuities” relates to annuities stemming from non-life obligations which are reported in S.16.01, while the column C0070 “Gross of reinsurance-Claim provision” relates to non-life insurance claims as reported in S.19.01.

ITEM	INSTRUCTIONS
Z0010	<p>The related non-life line of business</p> <p>The following close list shall be used:</p> <ul style="list-style-type: none"><li>1 - Medical expense insurance including proportional reinsurance</li><li>2 - Income protection insurance including proportional reinsurance</li><li>3 - Workers' compensation insurance including proportional reinsurance</li><li>4 - Motor vehicle liability insurance including proportional reinsurance</li><li>5 - Other motor insurance including proportional reinsurance</li><li>6 - Marine, aviation and transport insurance including proportional reinsurance</li><li>7 - Fire and other damage to property insurance including proportional reinsurance</li></ul>

		8 - General liability insurance including proportional reinsurance 9 - Credit and suretyship insurance including proportional reinsurance 10 - Legal expenses insurance including proportional reinsurance 11 – Assistance including proportional reinsurance 12 - Miscellaneous financial loss including proportional reinsurance 25 - Non-proportional health reinsurance 26 - Non-proportional casualty reinsurance 27 - Non-proportional marine, aviation and transport reinsurance 28 - Non-proportional property reinsurance
Z0020	Accident year / Underwriting year	Report the standard used by the undertakings for reporting of claims development. The following close list shall be used: 1 - Accident year 2 - Underwriting year

	ITEM	INSTRUCTIONS
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#### Analysis of the variation of the Best Estimate

C0010-C0020/R0010	Opening Best Estimate	Amount of Best Estimate – gross of reinsurance - as stated in the Balance Sheet at closing year N-1 related to the corresponding LOB.
C0010-C0020/R0020	Exceptional elements triggering restating of opening Best Estimate	Amount of adjustment to opening Best Estimate due to elements, other than changes in perimeter that led to restate the opening BE.  Shall essentially concern changes in models (in case models are used) for correction of the model and other modifications. It shall not concern changes in assumptions.  For non-life business these cells are expected to be zero in most cases.
C0010-C0020/R0030	Changes in perimeter	Amount of adjustment to opening Best Estimate related to changes in perimeter of the portfolio like sales of (part of) portfolio and purchases.
C0010-C0020/R0040	Foreign exchange variation	Amount of adjustment to opening Best Estimate related to foreign exchange variation during the period.  In this case, the foreign exchange variation is actually meant to be applied to contracts which are taken out in currencies different from the balance sheet currency. For the calculation, the cash-flows of these contracts contained in the opening Best Estimate are simply converted due to the exchange variation.

C0010-C0020/R0050	Variation of the premium provision	<p>The variation of the Best Estimate Premium Provision at closing year N compared to the Best Estimate Premium Provision at closing year N-1 for the corresponding LOB. This includes the change due to the new yield curve. This cell is only relevant for AY calculations.</p>
C0010-C0020/R0060	Claims Provision-current AY	<p>The discounted claims provision of the current AY as reported in S.19.01 for a fixed reporting currency.</p> <p>This cell is only relevant for AY calculations.</p>
C0010-C0020/R0070	Best Estimate on risk accepted during the period - analysis per UWY	<p>It represents present expected future cash flows (gross of reinsurance) included in Best Estimate and related to risks accepted during the period.</p> <p>This cell is only relevant for UWY calculations.</p>
C0010-C0020/R0080	Variation of the claims provision due to unwinding of discount rate- prior years	<p>The variation of Best Estimate captured here shall only relate to the unwinding of discount rates, and does not take into account other parameters such as changes in assumptions or discount rates, experience adjustment, etc.</p> <p>The claims provision for prior AY/UWY years (all AY/UWY years excluding AY/UWY year N) after potential adjustments in R0020 up to R0040 is multiplied by the one-year forward rate.</p> <p>From this cell until R0110, the one-year ahead forward rate term structure is used for discounting cashflows.</p>
C0010-C0020/R0090	Variation of the claims provision due to year N projected in and out flows- prior years	<p>Amount of expected in and outflows projected for year N for prior AY/UWY years.</p>
C0010-C0020/R0100	Variation of the claims provision due to changes in experience and actuarial assumptions- prior years	<p>The effects experience and change in actuarial assumptions are considered jointly in this cell. These two main effects accounting for changes in the claims provision are quantified in the table below where undiscounted movements of the claims provision are analysed, see cell C0060-C0070/R290 and C0060-C0070/R0300.</p> <p>This variation is the difference between the calculated claims provision for prior years (after potential adjustments in R0020-R0040) using the experience/information and actuarial assumption at year N and the claims provision at year N-1 (after potential adjustments in R0020.R0040) both discounted with the 1 year ahead forward curve.</p>
C0010-C0020/R0110	Variation of the claims provision due to changes in economic environment- prior years	<p>This represents the variation of the claims provision strictly related to changes in discount rates and related economic assumptions (e.g. inflation rates).</p> <p>This variation is the difference between the calculated claims provision for prior years as in C0010-C0020/R0100 with the new interest rate term structure and potential new economic assumptions at year N and the claims provision calculated in C0010-C0020/R0100.</p>

C0010- C0020/R0120	Other changes not elsewhere explained	Corresponds to variations in the Best Estimate not captured in the analysis above.  If interest rate effects, exchange rate effects and economic assumptions are deemed immaterial for the corresponding LOB, these changes could be reported in this cell.
C0010- C0020/R0130	Closing Best Estimate	Amount of Best Estimate – gross of reinsurance at closing year N related to the corresponding LOB.

#### Reinsurance recoverables

C0030- C0040/R0140	Opening Best Estimate	Amount of Best Estimate of reinsurance recoverables at closing year N-1 related to the Lines of Business (LoB) considered.
C0030- C0040/R0150	Closing Best Estimate	Amount of Best Estimate of reinsurance recoverables at closing year N related to the Lines of Business (LoB) considered.

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#### Premium provision information at year N:

C0050/R0160	Unearned premium	Amount of premiums for business that has been incepted at the valuation date less the premiums that have already been earned against these contracts.
C0050/R0170	Future premiums (undiscounted)	Amounts of all the future premiums stemming from existing contracts within the contract boundary, excluding the past-due premiums, referred to the portfolio of non-life obligations in the corresponding LOB.  The value should coincide with the total value reported in S.18.01 C0030 when aggregating across all LoBs and AY/UWY.
C0050/R0180	Expected future benefits (undiscounted)	Amounts of all the expected payments to policyholders and beneficiaries as defined in Article 78 (3) of Directive 2009/138/EC, referred to the portfolio of non-life obligations in the corresponding LOB falling within the contract boundary, used in the calculation of premium provisions.
C0050/R0190	Expected future expenses (undiscounted)	Amount of expenses that will be incurred in servicing insurance and reinsurance obligations as defined in Article 78 (1) of Directive 2009/138/EC and in article 31 of Delegated Regulation (EU) 2015/35.
C0050/R0200	Underlying loss ratio	This is calculated as the sum of C0050/R0180 divided by (C0050/R0160+ C0050/R0170).

C0050/R0210	Underlying expense ratio	This is calculated as the sum of C0050/R0190 divided by (C0050/R0160+ C0050/R0170).
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**Analysis of undiscounted movements - analysis per AY/UWY if applicable**

C0060-C0070/R0220	Undiscounted opening Best Estimate Claims Provision (after adjustments in R0020-R0040)	<p>C0070/R0220 represents the undiscounted best estimate for claims provision after the adjustments in R0020-R0040 excluding the effect of non-life annuities in R0030 as this is reported in C0060.</p> <p>C0060/R0220 represents the annuity best estimate claims provision after the adjustments in R0020-R0040 stemming from Non-Life Insurance obligations at beginning of year N.</p>
C0060-C0070/R0230	Removal of expenses other than ALAE at the opening date	<p>Amount of expenses as reported in S.18.01 C0060 at year N-1 on an aggregated level less than expenses, which are directly attributable to the claim (ALAE).</p> <p>The value in this cell should be reported with a negative sign.</p>
C0060-C0070/R0240	Removal of future premium on past business at the opening date	<p>Amount of future premiums as reported in S.18.01 C0070 and S.13.01 on annuities stemming from Non-life at year N-1 on an aggregated level for the corresponding LOB.</p> <p>The sum reported in this cell should coincide with the total in S.18.01 C0070.</p> <p>The value in this cell should be reported with a negative sign.</p> <p>This cell mainly relates to non-life insurance claims in C0070.</p>
C0060-C0070/R0250	Undiscounted actuarial opening Best Estimate claims provisions	This is the sum of C0060-C0070/R0220 up to C0060-C0070/R0240.
C0060-C0070/R0260	Undiscounted annuity claims provision set up during the period- prior AY/UWY years	<p>Amount of annuity claims provisions stemming from Non-Life Insurance obligations set up during year N for prior AY/UWY years as at the moment they were first set up (i.e., where assumptions used were for the first time based on life techniques).</p> <p>The value in C0070/R0260 should be reported with a negative sign.</p>
C0060-C0070/R0270	Expected claims paid during the period-prior AY/UWY years	<p>C0070/R0270 represents the projected amount of claims and benefits at year N-1 for year N for prior AY/UWYs.</p> <p>C0060/R0270 represents the projected annuity payments at year N-1 for year N for prior AY/UWYs.</p> <p>The expected claims paid reported in this cell should coincide with C0010-C0020/R0090.</p>
C0060-C0070/R0280	Difference between actual claims paid and expected claims paid during the period-prior AY/UWY years	This is the difference between the actual claims/annuity payments paid during the period and the expected amounts in C0060-C0070/R0270.

C0060-C0070/R0290	Variation of the undiscounted actuarial claims provision due to experience-prior AY/UY	The undiscounted actuarial claims provision is recalculated with the information/data available at year N using the actuarial assumptions at closing year N-1. The difference to the undiscounted actuarial claims provision in C0060-C0070/R0280 is the variation due to experience.
C0060-C0070/R0300	Variation of the undiscounted actuarial claims provision due to changes in actuarial assumptions-prior AY/UY	This cell represents the variation between the undiscounted actuarial claims provision calculated with the information available and the actuarial assumptions in year N and the above calculated claims provision in C0060-C0090/R0290.
C0060-C0070/R0310	Undiscounted claims provision-current AY/UY	This is the undiscounted (annuity) claim provision set up at the end of year N for the current AY/UY.
C0060-C0070/R0320	Undiscounted actuarial closing Best Estimate Claims Provision	This is the sum of C0060-C0070/R0250 up to C0060-C0070/R0310.
C0060-C0070/R0330	Inclusion of expenses other than ALAE at the closing date	Amount of expenses as reported in S.18.01 C0060 at year N on an aggregated level less than expenses, which are directly attributable to the claim (ALAE).  The value in this cell should be reported with a positive sign.
C0060-C0070/R0340	Inclusion of future premium on past business at the closing date	Amount of future premiums as reported in S.18.01 C0070 at year N on an aggregated level for the corresponding LOB.  The sum reported in this cell should coincide with the total in S.18.01 C0070.  The value in this cell should be reported with a positive sign.  This cell mainly relates to non-life insurance claims in C0050.
C0060-C0070/R0350	Undiscounted Closing Best Estimate Claims Provision	This is the sum of C0060-C0070/R0320 up to C0060-C0070/R0340.