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|  | | **Summary of Comments on Consultation Paper 09 - EIOPA-CP-009/2011**  **CP No. 009-SII Reporting -** **- Impact Assessment(g)** | | | **04 July 2012** | |
| EIOPA would like to thank Afa Sjukförsäkring, AFA Trygghetsförsäkring, AFA Livförsäkring,, AMICE, AXERIA PREVOYANCE – AXERIA IARD - SOLUCIA, Crédit Agricole Assurances, European Captive Insurance and Reinsurance Owners , Federation of Finnish Financial Services, FEE, FRC UK, Groupe Consultatif, If P&C, IUA (INTERNATIONAL UNDERWRITING ASSOCIATION), KPMG, Marsh Captive Solutions, NFU Mutual, RSA Insurance Group plc, Swedish Investment Fund Association, The Directorate General Statistics (DG-S) of the ECB, and The Phoenix Group  The numbering of the paragraphs refers to Consultation Paper No. 09 (EIOPA-CP-009/2011) | | | | | | |
| **No.** | **Name** | | **Reference** | **Comment** | | **Resolution** |
| 1. | AFA Sjukförsäkring, AFA Trygghetsförsäkring, AFA L | | General Comment | Overall, we find the reporting templates encompass information on a much too detailed level. It is important that the cost of providing the information is taken into account when specifying the reporting requirements and that focus is on the information absolutely needed for supervisory purposes. One suggestion could be to have less detailed reporting requirements for companies fulfilling SCR and MCR requirements. Companies not fulfilling SCR and MCR could instead be obliged to report more detailed data and on a continous basis. | | Suggestion cannot be taken as supervisors need to have information to monitor all undertakings. The supervisory review process, although proportionally, should envisage a risk-based supervision to be applied to all undertakings. This cannot be done without information. |
| 2. | AMICE | | General Comment | Please find attached our preferred options for the specific areas being consulted as part of the impact assessment  A. Detailed list of assets   At what level should the market be defined? We believe that Option A1 can best contribute to the objectives described in section 3.   At what criteria should the “market” be defined in order to be relevant from an investments perspective? We believe that Option B2a can best contribute to the objectives described in section 3.   What valuation basis should the criteria used for the “share” of the market is based on? We believe that Option C1 can best contribute to the objectives described in section 3.   What represents a “large” share of the European market and what should be the minimum floor at national level (as defined in option A4)? We believe that Option D1b can best contribute to the objectives described in section 3.   Nature and complexity dimension: Should the ability to reduce the number of exemptions considered (i.e which could be exempted under the “size” dimension) be left to national discretion or not? We believe that Option F3 better reflects the objectives from section 3.  B. Underwriting vs. accident year for reporting of claims development  We would choose Option 1 (not requiring any specific standard for claims development)  C. RBNS Triangles in TP-E3: Option 1 contributes better to the objectives from section 3 (outstanding claims should not be reported)  D. Quarterly BS – C1: Option 3 (no BS-C1 should be submitted quarterly)  E. Scope of disclosure: we agree with the EIOPA proposal on public disclosure.  F. Ring-fenced funds: no comments.  G. Variation Analysis: please refer to cell 4.104  H. Narrative Reporting: Option 1 (not to have a level 3 on narrative reporting).  I. Risk Concentration: Option 2 (only qualitative reporting for RC). | | Noted.  Please refer also to the comments template on the specific areas. |
| 3. | European Captive Insurance and Reinsurance Owners | | General Comment |  In accordance with the principle of proportionality, we suggest that Captives should be exempted from quarterly reporting due to their size and relative simplicity.   Requiring Captives to report quarterly will place too onerous a burden on them and will cause unnecessary additional costs.   Annual reports should be sufficient but Supervisors should have the flexibility to request quarterly reports should the size and/or nature of the Captive justify this.  Please see our more detailed comments on CP9 b,c,d,e,f  Please note that where a comment has not been made on a particular paragraph, this does not indicate that we agree with the paragraph. | | Noted. Reporting for smaller and simpler undertakings will have “natural” proportional requirements, as less activity is undertaken (for example not LoB are explored, less classes of assets, etc). Also materiality thresholds and exemptions were considered. |
| 4. | Federation of Finnish Financial Services | | General Comment | A. Detailed list of assets  We agree with the EIOPA’s 12 proposals. | | Noted. |
| 5. | FRC UK | | General Comment | The FRC is the UK’s independent regulator responsible for promoting high quality corporate governance and reporting. We are independent of both Government and those we regulate. We focus on high quality regulation that supports investment in the UK to generate economic growth and employment.  We set standards for actuarial work for IORPs and insurers through the Board for Actuarial Standards including a standard for how actuarial work should be reported. We set standards for financial statements through the Accounting Standards Board and the work of auditors through the Auditing Practices Board. We are also responsible for the UK’s Corporate Governance Code which sets out standards of good practice in relation to Board leadership and effectiveness, including risk management, remuneration, accountability and relations with shareholders. We also ensure that the provision of financial information by public and large private companies complies with relevant accounting requirements.  The FRC executive includes actuaries with pensions and insurance expertise and other professionals such as accountants and lawyers. | | Noted. |
| 7. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | General Comment | The International Underwriting Association (IUA) represents insurance and reinsurance companies in the international insurance and reinsurance market working in and through London. Our membership, consisting of 40 general insurers and reinsurers, makes up approximately 95% of the London insurance company market.  In general, the proposed QRT requirements are clear, though more information about specific EIOPA coding will be required.  We support the application of the principle of harmonisation. However, while a proportionate approach to smaller undertakings has been adopted, the overall QRT requirements appear to a significant extent disproportionate. In many cases the degree of detail and the regularity of reporting demanded is excessive. Unnecessary or duplicative requirements also need to be reviewed. Overall, we believe that more attention needs to be paid to the proportionality of reporting requirements in relation to the value and usefulness of the required reports. | | Noted. EIOPA will work on coding issues. However at an initial phase only reinsurance companies will have a common code.  Noted. The cost benefit analysis was re-discussed and some amendments were introduced. EIOPA believes that the package now published represents a balanced approach. |
| 8. | RSA Insurance Group plc | | General Comment | RSA Insurance Group and its subsidiaries welcome the opportunity to respond to EIOPA’s consultation on public reporting and disclosure.  As part of our preparations for the introduction of Solvency II, the Group has undertaken a full dry-run of the proposed disclosure requirements. The comments made in this document are often based on the practical experiences of doing the dry-run during 2011.  The entities covered by the exercise were:   RSA Insurance Group plc (consolidated Group)   Royal & Sun Alliance Insurance plc (UK)   Royal & Sun Alliance Reinsurance Ltd (UK)   The Marine Insurance Company Ltd (UK)   Sun Insurance Office Ltd (UK)   Codan Forsikring A/S (Denmark)   Trygg-Hansa Försäkrings AB (Sweden)   Forsikringsselskabet Privatsikring A/S (Denmark)   Holmia Livförsäkring AB (Sweden)   Sveland Sakförsäkringar AB (Sweden)   RSA Insurance Ireland Ltd (Irish Republic)   RSA Reinsurance Ireland Ltd (Irish Republic)   Link4 Towarzystwo Ubezpieczen Na Zycie SA (Poland)   AS Balta (Latvia)   Direct - Pojistovna AS (Czech Republic)   Lietuvos Draudimas (Lithuania)  In addition, due to the need to gather consolidated data for the Group, our operations and branches around the world, in particular outside the EEA, were also involved to varying extents.  Summary of key points:   We welcome the harmonisation of reporting across member states; however we are concerned at the level of detail being required, with very little justification as to why some of it is really needed.   We are concerned at the timeframes for reporting and associated practicalities, given the volume of information to be reported.   We welcome EIOPA’s discussion on whether certain proposed forms are necessary, given other reporting proposals. We believe all such duplication ought to be removed.   The variation analysis templates, whilst improved from previous versions, are still in need of further simplification and inadvertently mandate the use of underwriting year analysis.   We believe the decision on the year convention (accident vs. underwriting) ought to be left to entities and not to national supervisors. | | Noted  EIOPA welcomes this initiative.  Noted. The cost benefit analysis was re-discussed and some amendments were introduced. EIOPA believes that the package now published represents a balanced approach  Noted.  Noted. EIOPA have worked on minimising duplications  Noted. VA templates were revised.  Noted. |
| 9. | Swedish Investment Fund Association | | General Comment | The Swedish Investment Fund Association has two general remarks. First it is not necessary or reasonable to stretch the reporting requirements to cover funds where the insurance company owns the fund but the policyholders bears the risk in the fund. This is not a risk for the insurance company. Secondly, if those assets must be included in the reporting the reporting requirements are too detailed. Given this level of details the providers of these funds must provide specific information to the insurance companies. Moreover, these funds are already covered by legislation, both from the UCTIS-directive and from the MiFID-directive, and more legislation is to come from the AIFM-directive. They already report according to these directives, and that reporting ought to be sufficient. The risk if these reporting requirements are put on the suppliers of funds is that fewer funds could be offered to policyholders, for small players it could be too burdensome if they have to provide information to the insurance companies in a specific Solvency II-way. Thereby the risk is that there will be a concentration of the suppliers and only suppliers that are Solvency II-compliant will be used for unit-link insurance. In addition the increased reporting requirements will lead to administrative costs, both for the insurance company and the fund suppliers and the costs will be charged to customers, ie, an increased cost to consumers. | | Noted.  Not agreed. See also specific comments on Assets template.  Excluding investment funds regarding unit linked assets undermines a comprehensive view of the undertaking risk profile, in particular contagious risk. Assets backing unit linked products also present specific risks like reputational risk if they have a major problem on one of their unit-linked.  The cost benefit analysis was re-discussed and some amendments were introduced. EIOPA believes that the package now published represents a balanced approach |
| 10. | The Directorate General Statistics (DG-S) of the E | | General Comment | The Directorate General Statistics (DG-S) of the European Central Bank (ECB) welcomes the opportunity to provide its comments on the Consultation Paper EIOPA-CP-11/009g. For further information on ECB requirements and comments see also the letter dated 18 October 2011 sent by the Director General Statistics of the ECB, Mr Aurel Schubert, to the Chairperson of EIOPA, Mr. Gabriel Bernardino. The comments provided in this consultation are consistent with the information provided in the letter. Furthermore, a separate response will be provided on the second Consultation Paper EIOPA-CP-11/011 for quantitative reporting templates for Financial Stability Purposes. Given the close links between the two consultations, the two answers by the ECB should be taken in conjunction.  The European System of Central Banks (ESCB) has recently launched the first publication of quarterly euro area statistics for balance sheets of insurance corporations (and pension funds) based on available national data. As the quality, coverage, breakdowns and type of data published are insufficient to fulfil the user needs, the ECB/ESCB has engaged into a “steady-state approach” for insurance corporations, whereby user needs would be met by harmonised statistics based on an ECB regulation. Such a regulation is planned to be submitted to the ECB Governing Council for adoption in early 2013; it will be based on Council Regulation (EC) 2533/98 as amended and will cover statistics required for monetary and macro-economic, as well as financial stability analyses. While ECB regulations in the field of statistics contain reporting requirements which are binding for reporting agents resident in the euro area, the statistical reporting requirements can be met, in part or in full, through a re-use of suitable existing or forthcoming other, e.g. supervisory, reporting requirements. In all cases, while the statistics compilers will need access to reports provided by reporting insurance corporations, the statistics derived are aggregated according to different criteria (type of business, size classes etc, and no individual information is disseminated. A strict confidentiality regime is in place, where applicable.  Hence, in order to minimise the reporting burden of insurance corporations, the ESCB intends to build its statistics on an appropriate sub-set of the Solvency II quantitative reporting templates (QRT), and also intends to re-use the new security-by-security reporting under Solvency II. Other ESCB statistical requirements will, following a detailed assessment of their merits and costs and subject to the approval of the Governing Council, be collected from the insurance sector based on an ECB regulation.  In order to assess the ESCB and ESRB requirements, the ESCB Statistics Committee (STC) consulted a number of ESCB committees (the Monetary Policy Committee (MPC), the Financial Stability Committee (FSC), the Market Operations Committee (MOC) and the International Relations Committee (IRC)), the European Systemic Risk Board (ESRB) Advisory Technical Committee (ATC) and the European Commission (via Eurostat). As the data would also serve as an input to the production of other ESCB statistics, the STC itself expressed its own needs, with the assistance of its Working Groups.  The ESCB/ESRB user needs outlined in these comments are demanding for EIOPA, the national supervisory authorities and for the insurance industry. For this reason, this public consultation on Solvency II QRT by EIOPA offers a unique opportunity to express most of these needs in a manner that is already familiar and shows that they may not translate into separate reporting, provided that the draft templates are not deeply revisited, that the level of disaggregation, in particular for security-by-security portfolio assets on both solo and consolidated bases, is maintained, and that quarterly frequency and adequate timeliness (on a permanent basis) fulfil the ESCB requirements.  1. Balance sheet information  The ECB/Eurosystem currently collects timely and high quality monthly or quarterly statistics for large parts of the euro area financial sector (in particular for credit institutions, money market and other investment funds and securitisation vehicles), but avails only of very limited statistical information on the insurance corporations (IC) sector. Accordingly, improved quarterly balance sheet information, both on a solo/non-consolidated basis (for monetary analysis as well as requirements for the production of other ECB statistics) and on a group/consolidated basis (for financial stability analysis) has been highlighted by users as an essential requirement. The balance sheet information should be separately available for different subsectors of ICs (i.e. life insurance, non-life insurance, composites, and re-insurance). The information required includes an instrument breakdown both on the assets and liabilities side, information on original and remaining maturities of the relevant instruments and a breakdown of the geographical residency and institutional sector of the counterparts. Detailed information on the assets held and liabilities issued by ICs is essential, not only in terms of outstanding amounts at the end of a period, but also in terms of transactions which occur between two reporting periods.  Information on euro area IC balance sheet positions and transactions can provide important input to both the monetary and economic analyses underpinning the ECB’s monetary policy. ICs are part of the money-holding sector and are thus integral part of the sectoral analysis of monetary developments. By providing investment opportunities and risk diversification, they have a prominent role for the private sector’s composition of wealth. At the same time, they are among the most important providers of long-term funding to credit institutions, non-financial corporations and the public sector. These characteristics make ICs an integral part of the monetary transmission process and constitute its relevancy to monetary policy.  From a financial stability perspective, the fact that ICs are important institutional investors in European financial markets implies that changes in their holdings of financial assets or investment strategies may have significant effects on the markets, and these effects may also have systemic consequences. Therefore it is essential to have detailed information about the investment assets of insurers in order to be able to monitor their evolution and to assess risks. Detailed balance sheet information is also needed for understanding developments in the risk-taking behaviour of the insurance sector (see also next section).  2. Security-by-security information  The ECB is currently preparing the legal and technical measures for implementing a new statistics on securities holdings, which will be compiled from granular security-by-security information. The data planned to be reported under Solvency II on a security-by-security basis for the securities portfolio of insurance corporations is planned to be used for the new statistics and is thus essential in several respects. The new regular quarterly securities holdings statistics will cover the holdings of securities by all financial and non-financial sectors and will underpin macro-economic and macro prudential analyses of the ECB/ESCB and ESRB. This will enable to monitor and better interpret changes of the securities portfolio, the interlinkages with other financial intermediaries, and will also contribute to the assessment of risks (e.g. by counterpart sector and issuer country). In this context, data on individual securities holdings both on a solo (non-consolidated) basis and for the large insurance groups (including their affiliates abroad) on a consolidated basis are needed. Security-by-security information is also strongly supported given its relevance for monetary policy implementation. The regular and timely reporting of this information will also be essential in order to derive some of the regular requirements for balance sheet information (presented above) such as detailed information on the maturities, geographical location and sector of the issuers of securities held by ICs. The security-by-security information could also serve to derive estimates for transactions for the securities portfolio of ICs, which ideally requires monthly reporting of stock data.  In addition to the regular compilation of statistics, users also raised the need for having access, on an ad-hoc basis, to detailed information on the asset side of ICs, in particular concerning country, sector and counterpart breakdowns of securities that are not identifiable in the regular statistical aggregates. The ECB thus sees considerable merits in the collection of security-by-security data for ICs, which would allow ad-hoc analyses to be performed in a timely fashion.  The above considerations also underline that the collection of item-by-item information from reporting agents helps actually reducing the reporting burden for insurance corporations in the longer-term. When automated reporting systems have been implemented, the information provided by the reporting agents on an item-by-item basis (e.g. ISIN, amounts), combined with a reference securities database, allows users to analyse the available information in a multi-dimensional way to support the performance of central banks or supervisory functions. Such reporting is stable over time as, when new information requirements emerge, there is often no need to request additional information from the reporting agents.  3. Capital adequacy/capital ratios  Quarterly information on solvency capital requirements (SCR), minimum capital requirements (MCR), risk breakdowns and own funds further broken down by tier 1, 2 and 3 is an essential requirement for financial stability analysis. Emphasis has been put on the provision of quarterly information in order to allow for a continuous monitoring of the sector’s situation. The information is essential on a group basis, but also important on a solo basis. Financial stability analysis, surveillance, and assessment are typically carried out on the basis of consolidated financial information of financial groups in order to capture all the risks that may arise from its business lines and affiliates. From a systemic risk perspective, large insurance groups should receive special attention in this regard and, as a minimum requirement, therefore consolidated quarterly reporting would be essential for this set of institutions.  4. Profit and loss information  Several users require quarterly information derived from the profit and loss accounts of insurance corporations. This includes performance indicators of ICs such as premiums written, claims paid, operating expenses, changes in technical provisions or investment income.  For the purpose of financial stability analysis and risk assessment, information from the profit and loss account is essential in order to derive basic ratios, such as loss ratios, combined ratios, reserve ratios and development, reinsurance ratios. This data would be of particular relevance in times of financial stress and provide important input for the compilation of performance indicators of insurance operations and value adjustments of the financial assets owned by the ICs.  Enhanced profit and loss data are also needed for statistical compilation purposes, in particular the euro area balance of payments and the euro area non-financial accounts, and statistics produced by the European Commission (Eurostat). While profit and loss accounts as such are not covered by the reporting templates of Solvency II, it may still be possible to meet part of the requirements from the Solvency II templates (i.e. from the so-called variation templates). This approach might also allow to overcome issues of comparability of the profit and loss data between countries which are due to the use of different accounting standards, IFRS or national GAAP.  5. Frequency, timeliness, and sectoral coverage  For all uses of the statistics by the ECB/ESCB/ESRB, the availability of timely quarterly data (for solo and group reporting) is an essential requirement. For the statistical requirements put forward in this consultation, annual information would not suffice.  For monetary and economic analyses, the timely provision of detailed quarterly balance sheet information on a solo account basis (for transactions as well as outstanding amounts) on ICs as very important. Both from an analytical and communication perspective, the information on insurance corporations needs to be discussed jointly with key economic and financial indicators for all other economic sectors in the briefing material submitted to the ECB’s Governing Council. This implies that the balance sheet information on a solo basis would need to be available to the final ESCB users about 40 calendar days following the reference period. In order to meet this end-user delivery date, the reporting deadline by insurance corporations on a solo basis would need to be set at about four weeks (28 calendar days) after the reporting period.  Regarding financial stability analyses, the need for quarterly data (detailed balance sheet data on a group basis, information on capital adequacy/capital ratios, and information on profit and loss) is stressed given the ECB obligation towards the ESRB to deliver updates on the financial stability situation four times a year. Moreover, ideally the data would have to be available to the final users as early as 45 days after the reference date. As regards data on a group basis this contrasts with the current draft for Solvency II reporting after 9 weeks, and calls for a review of these plans, taking also into account that the original deadline envisaged for group reporting was set to 8 weeks.  Finally, regarding the coverage of the insurance sector, quarterly reports based on a representative (though not necessarily complete) coverage of the euro area insurance sector is an essential precondition for using Solvency II quantitative data for ECB statistics. In this context, existing ECB statistics (e.g. on credit institutions) contain measures that limit and reduce the reporting burden (especially of small institutions), whereby the data for a particular country must reach, depending on the variable concerned, a coverage of at least 85% to 95% (of total assets) at national level and the institutions exempted from the full reporting in a specific country do not exceed 1% (of total assets) at euro area level. The exempted institutions do however report simplified information, often at annual frequency only. In practice, these provisions allow to grant reporting simplifications and exemptions to a significant number of small and medium-sized institutions. Similar arrangements are envisaged by the ECB also for the development of new statistics for the insurance sector. Given strong user needs also for data from non euro area EU Member States, a representative coverage of insurance companies resident in these countries would also be essential. | | Noted.  Noted.  EIOPA strongly supports this intention.  Noted.  Noted.  EIOPA acknowledges that the criteria defined under CP9 to exempt quarterly reporting of BS-C1 was difficult to apply (and impossible for reporting by groups), creating uncertainty on the quarterly requirements. Also, any other criteria to define thresholds would not overcome this difficulty. On the other hand, to calculate Own funds quarterly, undertakings will have to calculate the entire balance sheet with the same frequency. Taking all this into account, EIOPA believes that, both from a supervisory point of view and from an operational point of view for undertakings, the request of the balance-sheet quarterly without exemptions is the best approach.  Noted.  Noted.  Noted.  Information under Assets D1 was kept.  Noted.  Noted.  Noted.  See also resolution template on CP11.  Noted. Reporting for EIOPA FSC will cover these requirements.  Noted. Reporting for EIOPA FSC will cover these requirements, but relative to local GAAP figures, as no P&L is prescribed under SII.  Noted. However timeliness is to be defined in implementing measures.  Noted.  Noted. Reporting for EIOPA FSC will cover these requirements  Noted. |
| 11. | Crédit Agricole Assurances | | 1.1 | Ring Fenced Fund : is a materiality threshold defined from which entity must fill in a reporting for every Ring Fenced Fund ? When will the Ring Fenced Fund list defined ? | | These issues will be covered by EIOPA L3 Guidelines and Technical Standards. |
| 12. | Crédit Agricole Assurances | | 1.3 | Non applicable templates : according to XBRL publication format, should non applicable templates, or with no data for an entity, be required by the regulator ? If yes, will the cells in these templates be required empty, filled with 0, or filled with anoter method (ex : Life Technical Provisions Templates for Non-Life entities) ?  Non applicable cells : according to XBRL publication format, should non applicable cells, or with no data for an entity, be required empty, filled with 0 or filled with another method ? | | Noted.  These questions address technical aspects of the submission of information and will be clarified later. |
| 13. | The Directorate General Statistics (DG-S) of the E | | 1.9 | Several comments made by the ECB in the previous informal consultation have not been taken up in the revised templates. Apart from requests for better timeliness and more quarterly data, in particular better information on counterpart sector and geographic areas seems necessary in order to make Solvency II data useful for statistical purposes. | | Noted. |
| 14. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.12 | Please see our General Comment. | | Noted. |
| 15. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.13 | Please see our General Comment. | | Noted. |
| 16. | European Captive Insurance and Reinsurance Owners | | 1.14 | The detailed Quantitative Reporting Templates are beyond the proportionality principle for smaller undertakings and therefore we propose an exemption from the detailed templates.We welcome the fact that smaller and less complex undertakings will have less to report due to their size or less complex risk profile and we believe that proportionality could still be applied to a large extent on the quarterly reporting of a number of templates for the granularity of data. This should be available as discretion at the level of the national supervisor in order to determine which of the granular level of data would not be material to assess the systemic assessment of the licensed companies in the particular domicile. Also annual reporting is sufficient. | | The principle of proportionality is considered in the reporting in three different dimensions. Firstly it is naturally embedded, meaning that a company with less complexity in their business will consequently have a minor reporting, e.g. less Lines of Business, less currencies, no derivatives, etc. Secondly, to some templates such as the detailed list of assets, thresholds based on size are defined. Thirdly, materiality thresholds are considered in several templates.  Possible exemptions and application of materiality principles were revised and made clearer. |
| 18. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.14 | Please see our General Comment. | | Noted. |
| 19. | Marsh Captive Solutions | | 1.14 | We welcome the fact that smaller and less complex undertakings will have less to report due to their size or less complex risk profile, we believe that proportionality could still be applied to a large extent on the quarterly and annually reporting of a number of templates for the granularity of data. This should be available as a discretion at the level of the national supervisor in order to determine which of the granular level of data would not be material to assess the systemic assessment of the licensed companies in the particular domicile. | | Please see answer to n. 3 and 16. |
| 20. | The Directorate General Statistics (DG-S) of the E | | 1.14 | It is noted that security by security reporting is required by the ECB from a sufficiently large share of the industry in order to obtain representative results.  The ECB supports that smaller companies report at annual frequency, and that no complete exemptions will exist at annual level. Annual benchmark results will be needed from all undertakings, in order to be able to use grossing-up methods for incomplete quarterly reporting. | | Noted. Reporting on a security by security basis will be mandatory to all undertakings on the fourth quarter, with the deadline set at Level 2 Implementing Measures for quarterly reporting. |
| 21. | European Captive Insurance and Reinsurance Owners | | 1.15 | It is suggested that national-specific templates that depart from the requirements of the harmonized EU templates should be kept to a minimum. In those instances where particular domiciles are currently required to report to various authorities e.g. for financial stability and statistical purposes, licensed companies should only report to one Authority and thus sharing of information between Authorities in the particular domicile should be allowed for. | | Noted. |
| 22. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.15 | Please see our General Comment. | | Noted. |
| 23. | Marsh Captive Solutions | | 1.15 | It is suggested that national-specific templates that departs from the requirements of the harmonized EU templates should be kept to a minimum. In those instances where particular domiciles are currently required to report to various authorities e.g. for financial stability and statistical purposes, licensed companies should only report to one Authority and thus sharing of information between Authorities in the particular domicile should be allowed for. | | Noted. |
| 24. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.16 | Please see our General Comment. | | Noted. |
| 25. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.17 | Please see our General Comment. | | Noted. |
| 26. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 1.18 | Please see our General Comment. | | Noted. |
| 27. | AMICE | | 3.5 | We fully support the recognition of the important role played by small and medium size (re) insurance undertakings in the financial markets and the need to ensure that the regulation does not impose excessive requirements on them.  It is worth mentioning that, in addition to the central dimensions of proportionality (“nature, scale, and complexity of risks”), the Framework Directive explicitly calls for small and medium-sized insurers not to be overburdened, thus introducing an element of size, see Recital 19 (“should not be too burdensome for small and medium-sized insurance undertakings”). | | Noted.  See also comment 3 and 16. |
| 29. | European Captive Insurance and Reinsurance Owners | | 3.6 | We acknowledge the fact that Solvency II reporting requirements should be compatabile with IFRS reporting. Thus it is imperative not to have duplication of the same reporting requirements under the two frameworks and where there are still differences, there should be more coordination between EIOPA and IASB in order to align the reporting frameworks. Please refer to comments made under the EIOPA Template for Comments on CP9 f. | | Please refer to EIOPA L3 Guidelines and Technical Standards on Valuation |
| 30. | Marsh Captive Solutions | | 3.6 | We acknowledge the fact that Solvency II reporting requirements should be compatible with IFRS reporting. Thus it is imperative not to have duplication of the same reporting requirements under the two frameworks and where there are still differences, there should be more coordination between EIOPA and IASB in order to align the reporting frameworks. Please refer to comments made under EIOPA\_Template\_for\_Comments\_on\_CP9\_f. | | Please see answer to n. 29. |
| 31. | AMICE | | 4.5 | A. Detailed list of assets | |  |
| 32. | RSA Insurance Group plc | | 4.5 | Investment freedom under the Prudent Person principle is given as a reason why a detailed list of assets is required on a quarterly basis. Investment portfolios are managed within a Corporate Governance framework and in accordance with the company’s investment policy. This freedom is consequently largely restricted where companies have good internal governance and low risk appetite; not to take account of this in regulatory disclosure requirements penalises these companies. The proposed exemption ought to be extended in reflection of this.  If undertakings are using derivative instruments for hedging and qualify for such under IAS39, it means they will have already met stringent criteria to prove that such instruments are not being used for speculative purposes. We believe that such instruments therefore need not be reported at all in form D2, especially since the only purpose seems to be whether prudence is really being exercised in line with the prudent person principle.  Otherwise, given the extent of data requested (further, on a quarterly basis), undertakings might be discouraged from engaging in such prudent, risk-mitigation activities. | | Noted.  The main objective of requiring detailed information on derivatives is to assess not only the prudence but the effective risk mitigation effect. Furthermore insurance supervisors are the entities responsible for supervising insurance undertakings, with the prior goal of assuring policyholder protection. |
| 33. | RSA Insurance Group plc | | 4.6 | We do not understand the aim of QRT D2T in connection with this stated purpose – this ought to be clarified; else it ought to be deleted. | | The purpose is described in the Summary document for the referred template. |
| 34. | The Directorate General Statistics (DG-S) of the E | | 4.6 | See General Comments.  The ECB fully suports these arguments. The detailed list of assets is crucial for ECB purposes. From the ISIN code, total outstandings and selected additional information, and in combination with high quality security-by-security database, a rich set of statistics can be compiled, without overburdening reporting agents. The ECB is currently implementing this system for other financial sectors. | | Noted. |
| 36. | RSA Insurance Group plc | | 4.12 | See 4.5 above. | | Please see answer to n. 32 |
| 37. | European Captive Insurance and Reinsurance Owners | | 4.13 | We welcome the fact of applying proportionality by applying exemption to various quarterly information. A suggestion to make this work is to apply the small size exemption (e.g. based on turnover and total assets) to those licensed companies and set a threshold at EU/national level. | | Noted  See comment 3 and 16. |
| 38. | Marsh Captive Solutions | | 4.13 | We welcome the fact of applying proportionality by applying exemption to various quarterly information. A suggestion to make this work is to apply the small size exemption (e.g. based on turnover and total assets) to those licensed companies and set a threshold at EU/national level. | | Noted  See comment 3 and 16. |
| 39. | RSA Insurance Group plc | | 4.14 | Setting the threshold at a European level means it is impossible for undertakings to plan whether or not they will be exempted, resulting in continuing uncertainty over potentially significant investment in systems to facilitate quarterly reporting. | | Noted  Stability on thresholds definition was improved |
| 40. | The Directorate General Statistics (DG-S) of the E | | 4.14 | The ECB supports derogations or simplified reporting for small entities.  Regarding the thresholds proposed a confirmation by EIOPA would be welcome that the minimum threshold is a mandatory lower threshold that is to be met by all countries (see comments 4.33). The ECB also asks for clarficiation regarding the compatibility of the stated EIOPA objective to guarantee a minimum coverage of 90% at European level, and, at the same time, accept that additional national derogations may imply a coverage of country data of only 75%.  The ECB also suggests to provide more information on the impact that a possible derogation for 25% of the market may have on aggregated results at national or EU level.  Existing ECB statistics (e.g. on credit institutions) contain measures that limit and reduce the reporting burden (especially of small institutions), whereby the data for a particular country must, depending on the variable concerned, reach a coverage of at least 85% to 95% (of total assets) at national level and the institutions exempted from the full reporting in a specific country do not exceed 1% (of total assets) at euro area level. The exempted institutions do however report simplified information, often at annual frequency only. In practice, these provisions allow to grant reporting simplifications and exemptions to a significant number of small and medium-sized institutions. Similar arrangements are envisaged by the ECB also for the development of new statistics for the insurance sector.  Furthermore, the specific rules currently envisaged for ESCB security-by-security statistics are: for countries with holdings of resident institutions of below or equal EUR 40 bn a minimum of 60% of resident holdings of securities having an ISIN should be reported on a s-b-s basis, and 95% of resident holdings of securities having an ISIN for countries exceeding holdings of EUR 40 bn. | | The 90% threshold is a minimum at European level. National Supervisory Authorities can impose an additional minimum at national level to achieve 75% coverage, on top of the European level.  Noted.  Noted. |
| 41. | European Captive Insurance and Reinsurance Owners | | 4.15 | The txt in paragraph 4.8 is the same as the text in paragraph 4.15 | | Noted. |
| 44. | Marsh Captive Solutions | | 4.20 | These principles are currently being applied under the current Solvency regime. | | Noted. |
| 45. | RSA Insurance Group plc | | 4.21 | Having internal data for internal consumption is one thing; having to present such data to external parties is quite another, in view of:   the additional data items demanded that we do not need (e.g. CIC code, issuer country, issuer group code); and   the significant costs for the insurer in compiling this quarterly list in the format and to the timescales required by the supervisor.  These, along with the accumulated burden of producing other reports, means the use of proportionality and the level of detail here must be reconsidered.  This proposal is heavily reliant on third-parties for the provision of the required data. For this reason, it appears that the costs to be incurred by those undertakings unlikely to benefit from the proposed proportionality provisions have not been properly considered.  Further, there are certain data items requested that do not improve risk management, such as mandating the use of CIC codes (not universally used), reporting external ratings (some undertakings need to purchase licences to report such information), or reporting the ultimate parent of an issuer (inconsistencies within the whole industry). We believe such items only serve to amplify the burden for undertakings and should be removed entirely.  Unless invested in assets carrying greater risk, portfolios should be subject to a lower-than-proposed level of scrutiny – this is all the more reasonable given that insurance undertakings are not likely to have a lot of churn in their investment portfolios as their investments are not used for trading. | | EIOPA does not agree. Undertakings need the required level of detail for proper risk and capital management under Solvency II.  Timeframes for reporting are to be set by Level 2 Delegated Acts.  In relation to the CIC codes, the aim of these is primarily to assess the undertaking’s ability to identify the risks of the investments it holds. |
| 46. | European Captive Insurance and Reinsurance Owners | | 4.22 | The initial set-up cost for smaller undertakings is huge relative to larger undertakings. Paragraph 1.14 says that a smaller undertaking has less to report so there will be no exclusion on an annual basis. We believe it is wrong not to make any exclusions on an annual basis since the initial set-up costs is the same no matter how many times per year you extract a report. A smaller undertaking, yet large enough to have a rather complex investment portpolio, is expected to perform necessary system changes according to paragraph 4.21. We believe there is mismatch between such a requirement and paragraph 1.12, 3.5 and 4.2 an d propose a threshold for the template « Assets D2 » also on an annual basis. | | Noted.  The solutions, e.g. ad-hoc reporting and increased on-site inspections would increase even more the burden.  Please see also comment 1 and 16. |
| 47. | RSA Insurance Group plc | | 4.22 | We disagree with the assertion that the costs of compliance here are consistent with those of a proper risk management system – please see 4.21 above. | | Please see answer to n. 45. |
| 49. | RSA Insurance Group plc | | 4.27 | We disagree with the assertion that the burden here is consistent with that of a proper risk management system – please see 4.21 above. | | Please see answer to n. 45. |
| 50. | NFU Mutual | | 4.28 | We have no concerns about the production of the Assets D1 schedule on a quarterly basis, and do not share the concern that this would be overly onerous to produce on that basis. We would question how much use the regulator would be able to make of this vast quantity of information on a quarterly basis. | | Noted. The purpose is stated in the Summary documents for Assets templates. The approach is successfully taken by several supervisory authorities currently. |
| 51. | RSA Insurance Group plc | | 4.28 | Given that insurance undertakings are not likely to have a lot of churn in their investment portfolios, we believe there are further opportunities for proportionality to be employed: for instance, quarterly reporting should not be mandated based on arbitrary thresholds. Instead, only annual reporting should be mandated at a European level, with national supervisors left to determine whether quarterly reporting is required in addition, based on an individual undertaking’s level of portfolio churn and the level of risk within specific portfolios. Employing such discretion would be much more preferable and proportionate. | | European threshold will ensure, level playing field and that the objectives of macro and micro-prudential supervision, monetary policy and statistics at European level are fulfilled.  See also comments 1 and 16. |
| 52. | The Directorate General Statistics (DG-S) of the E | | 4.28 | The ECB supports the application of proportionality principles in order to limit the burden for SMEs. (see also 4.14) | | Noted. |
| 53. | AMICE | | 4.30 | At what level should the “market” be defined?  We would like to reiterate our comment that it is unnecessary to report detailed information on the asset portfolio on a quarterly basis. Therefore, we suggest that, under normal circumstances, asset templates should only be reported annually and quarterly asset templates should be abandoned.However, if they are introduced, their application should be restricted to solo undertakings and/or simplified through reporting according to categories rather than on a security by security basis.  Having said that, AMICE members believe that Option 1 (where the market is defined at European level) would ensure that the objectives of macro and micro-prudential supervision, monetary policy and statistics at European level are fulfilled.  The materiality threshold suggested by EIOPA will lead to an un-level playing field between firms of the same size in absolute terms, but subject to different reporting requirements when located in a different Member State, if the scope is not defined at European level.  Under this option, and subject to supervisors’ decisions regarding proportionality, bigger firms (most probably representing 90% of the market at European level) would report a detailed list quarterly, and smaller firms would report quarterly investment by category. | | The Solvency II framework gives extended freedom for undertakings to perform their activities. A principles based regime, with reduced prescribed constraints on the way undertakings are managed should be balanced with a higher degree of information to supervisory authorities to discharge their duties.  A detailed list of assets will allow supervisors to assess the various risks to which the undertaking might be exposed, including the ones mentioned, reducing the need to further ad-hoc reporting. |
| 54. | The Directorate General Statistics (DG-S) of the E | | 4.30 | Option A1 is not appropriate for statistical purposes as it does not ensure statistical results at national level (of small and medium-sized EU countries) | | Noted. |
| 55. | The Directorate General Statistics (DG-S) of the E | | 4.31 | Option A2 is not appropriate for statistical purposes as it does not ensure comparable and good quality statistical results across countries | | Noted. EIOPA decided to keep Option A4, after re-discussing the cost benefit analysis. EIOPA believes that the package now published represents a balanced approach. |
| 56. | The Directorate General Statistics (DG-S) of the E | | 4.32 | Option A3 seems to be similar or identical to A1 (see comment there) | | Noted. Please see comment 55. |
| 57. | Marsh Captive Solutions | | 4.33 | Additional reporting at national level should be kept to a minimum as this will defeat the objective of a harmonized approach. Exemptions for quarterly reporting should also be available at the discretion of national supervisors. | | Noted. |
| 58. | The Directorate General Statistics (DG-S) of the E | | 4.33 | Option A4 (combination of European and national thresholds) appears acceptable provided that the additional minimum thresholds set at the national level is a binding lower threshold in all countries. Otherwise, the availability of results for small and medium sized EU countries would be left to the discretion of national authorites of these countries. | | Please see answer to n. 40. |
| 59. | European Captive Insurance and Reinsurance Owners | | 4.34 | We agree with option A4. This will give national supervisors sufficient flexibility to require quarterly reporting for those captives which are sufficiently large to justify it. Additional reporting at national level should be kept to a minimum as this will defeat the objective of a harmonised approach. Exemptions for quarterly reporting should also be available at the discretion of national supervisors. The vast majority of captives will not be large enough to require quarterly reporting and captives should therefore generally be exempted. | | Noted. |
| 60. | Federation of Finnish Financial Services | | 4.34 | We agree with the EIOPA’s proposal. | | Noted. |
| 61. | AMICE | | 4.35 | At what criteria should the ‘market’ be defined in order to be relevant from an investments perspective? No comments. | | Noted. |
| 62. | FEE | | 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. | | Noted. |
| 63. | Federation of Finnish Financial Services | | 4.40 | We agree with the EIOPA’s proposal. | | Noted. |
| 64. | The Phoenix Group | | 4.40 | Phoenix agree with EIOPA that option B2C best reflects the objectives referred to in Section 3. Phoenix propose that EIOPA should consider excluding unit-linked business from this requirement as the risk is much lower with these type of policies. | | Excluding unit linked assets undermines a comprehensive view of the undertaking risk profile, in particular contagious risk. The security-by-security reporting will also concern unit-linked products, since we consider that these also present specific risks (for instance, undertakings selling bonds issued by entities of their own group, leading to conflicts of interests; or undertakings exposed to reputational risk if they have a major problem on one of their unit-linked; etc.). |
| 65. | AMICE | | 4.41 | What valuation basis should the criteria used for the “share” of the market is based on?  We believe that Option C1 can best contribute to the objectives described in section 3. Taking an average over the last 5 years would be the only way to maintain some stability in the reporting requirements. | | Noted. EIOPA re-discussed the costs and benefits of Option C3 and decided to have an observation period based on the report made by all undertakings on the fourth quarter, and for those undertakings that are not exempted following this observation the quarterly report is maintained until the 3rd quarter of the following year. Please see also AS-D1 Summary document. |
| 66. | AMICE | | 4.43 | We acknowledge that this option is the most consistent with the Solvency II principles (i.e 1 year horizon and fair value of the asset investment). However, we fear that this option will lead to undertakings being obliged to adapt their processes and systems in order to be able to submit the information requested one year but perhaps not the next. | | Noted. Please see comment 65. |
| 67. | FEE | | 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. | | Noted. Please see comment 65. |
| 68. | Federation of Finnish Financial Services | | 4.45 | We agree with the EIOPA’s proposal. | | Noted. |
| 69. | The Phoenix Group | | 4.45 | Phoenix agree with EIOPA that option C3 best reflects the objectives referred to in Section 3, however propose that the valuation basis should be measured over a 2 consecutive year period, similar to that applicable to the Variation Analysis templates. | | Noted. Please see comment 65. |
| 70. | AMICE | | 4.46 | What represents a « large » share of the European market and what should be the minimum floor at national level (as defined in option A4)? | |  |
| 71. | AMICE | | 4.47 | We strongly support Option D1b as it defines the market at European level which enforces the idea of a single market and the need to ensure proper levels of consistency and harmonization of the reporting requirements among different Member States. In this regard, defining a market share of 75% (where the market is defined at European level) would guarantee that most firms will fall under the scope of these assets templates ( D1 & D2) but it would not undermine the application of the proportionality principle to small and medium size undertakings (as stated in Recital 19 of the Framework Directive). | | Noted. EIOPA re-discussed the costs and benefits of option D1 and still considers that Option D1a is the most balanced one, taking especially into account the objective of having a sufficient coverage of undertakings at national level. |
| 72. | Federation of Finnish Financial Services | | 4.49 | We agree with the EIOPA’s proposal. | | Noted. |
| 73. | The Directorate General Statistics (DG-S) of the E | | 4.49 | The ECB agrees with the 90/75 percent proposal assuming the minimum floor at the national level is to be respected by all countries. A lower minimum floor (60% as tentatively planned for the ECB’s security holdings statistics) could be considered for smallest countries. | | Noted. Please see comment 71. |
| 74. | AMICE | | 4.50 | Nature and complexity dimension: Should the ability to reduce the number of exemptions considered (i.e which could be exempted under the “size” dimension) be left to national discretion or not? | | EIOPA re-discussed the costs and benefits of Option F2 and decided to keep that option, but without any indicative criteria defined. |
| 75. | FEE | | 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. | | Noted.  The narrative reporting cover part of the issues identified. The Supervisory Review Process should cover all issues. |
| 76. | The Phoenix Group | | 4.51 | Phoenix believe that Option F1 best reflects the objectives referred to in Section 3 | | Noted. |
| 77. | AMICE | | 4.54 | We support Option F3. Supervisors should not be given the discretion to reduce the number of exemptions and set thresholds, presumably at national level, as it would lead to an un-level playing field among undertakings. | | Do not agree. Additional reduction of exemptions is needed for assuring the necessary coverage at national level and the risk-based approach. |
| 78. | Federation of Finnish Financial Services | | 4.55 | We agree with the EIOPA’s proposal. | | Noted. |
| 79. | AMICE | | 4.56 | B.Underwriting vs accident year for reporting of claims development | |  |
| 80. | FEE | | 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. | | Do not agree. The European and national thresholds will ensure a level playing field and that the objectives of macro and micro-prudential supervision, monetary policy and statistics at European level are fulfilled. National reduction of exemptions will assure that at a national level there is a proper coverage. National supervisors are the best placed to decide which undertakings should not be exempted of quarterly reporting, based on NSA knowledge of their risk profiles. |
| 83. | Groupe Consultatif | | 4.56 | We agree with EIOPA’s approach. Template D1 is very onerous for companies but the requirement to complete it quarterly does not present significant extra costs (over that required to complete it annually) | | Noted. |
| 84. | RSA Insurance Group plc | | 4.56 | Answering EIOPA’s questions in turn:   introducing proportionate requirements for small undertakings;  We disagree – see 4.21, 4.22 and 4.27 above.   harmonising supervisory reporting;  There will be some harmonisation as a result of these proposals, but at a disproportionate level. Undertakings will not know until an indeterminate point in time whether or not they will be exempted.   promoting compatibility of valuation and reporting rules with the international accounting standards elaborated by the IASB; and  The hedging criteria under IAS39 do not appear to have been noted – see 4.5 above.   ensuring efficient supervision of insurance groups and financial conglomerates.  It is likely that most large groups will not qualify for the exemption, meaning the proposals might not be efficient. | | Noted.  Clarity was improved.  Noted |
| 86. | AMICE | | 4.64 | We are in favour of Option 1 ( not requiring any specific standard for claims development, and letting undertakings choose the standard they use (i.e. follow the industry’s feedback)) as it provides the flexibility necessary for an efficient system. We agree with the arguments in favour of this approach (i.e undertakings are free to maintain the current standard without any extra costs for modifying IT systems).  We do not agree with the proposed argument against this option (risk of no harmonization on that issue with no possibility to compare data between undertakings) as the majority of undertakings in most jurisdictions compute their technical provisions on the basis of the accident-year standard for claims development. | | Noted. EIOPA defined following this public consultation that undertakings are required to report data on accident year or underwriting year basis, according to the convention eventually (if any) required at national level by the National Supervisory Authority responsible for the supervision. |
| 88. | NFU Mutual | | 4.68 | This is one of our primary areas of concern, since moving to another basis would be very onerous. It is disappointing to note that no concrete decision has been made at the European level, and guidance/confirmation of the method(s) the local regulator is going to use needs to be urgently issued. | | Noted. Please see comment 86. |
| 89. | Federation of Finnish Financial Services | | 4.69 | We agree with the EIOPA’s proposal. | | Noted. Please see comment 86. |
| 90. | AFA Sjukförsäkring, AFA Trygghetsförsäkring, AFA L | | 4.70 | Support option 1 : The undertakings should be free to maintain the standards they currently use internally whether this is based on accident year or underwriting year. If the reporting will not correspond to the business rules the undertaking have to reallocate data from one standard to the other only for reporting which will result in costs and perhaps risk the data quality. | | Noted. Please see comment 86. |
| 91. | European Captive Insurance and Reinsurance Owners | | 4.70. | We do not agree. According to IAIS Supervisory Standard No 9 - Standard on Disclosures Concerning Technical Performance and Risks for Non-Life Insurers and Reinsurers (October 2004) paragraph 28 the following is written 28.  Except for short-tail business, insurers should disclose information on the development of claims in a claims development triangle. The claims development triangle shows the insurer’s estimate of the cost of claims (claims provisions and claims paid) as of the end of each year and how this estimate develops over time. This information should be reported consistently on an accident year or underwriting year basis and should reconcile to amounts reported in the balance sheet.”  This means an undertaking can choose between the alternatives. Assume that an undertaking has chosen one of the alternatives for the yearly financial statement and that their Supervisor have decided to use the other alternative in the Solvency II reporting. This means two reports must be created and we cannot see that the benefits for the Supervisor exceeds the cost for the  undertakings. Another example can also demonstrate this: Lets assume that a larger company has subsidiaries in many different domiciles and they all use the same IT-solution. Due to the suggestion that each Supervisor can choose which alternative they prefer the IT-solution must be created in a way that handles both alternatives. Such a solution is very expensive and it takes a considerable amount of time to re-program. We believes that option 1 is the best alternative with respect of the burden for smaller undertakings according to paragraph 1.12. | | Noted. Please see comment 86. |
| 92. | FEE | | 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. | | Noted. Please see comment 86. |
| 93. | Groupe Consultatif | | 4.70 | We agree with EIOPA’s approach and raise no specific concerns. | | Noted. Please see comment 86. |
| 94. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 4.70 | Underwriting vs. accident year for reporting of claims development. There is no accounting or regulatory standard which lays down reporting year requirements for claims development. We agree that the best option should be no specific standard for claims development allowing undertakings to choose the standard they use on the basis of what is most appropriate. | | Noted. Please see comment 86. |
| 95. | NFU Mutual | | 4.70 | The lack of a European wide standard does not achieve harmonisation. | | Noted. Please see comment 86. |
| 96. | RSA Insurance Group plc | | 4.70 | We do not agree with this conclusion, as this could otherwise lead to inconsistencies between entities within a group. Since no uniformity at the European level is proposed, we believe there ought to be no uniformity at the national level either, i.e. Option 1 - not requiring any specific standard for claims development, and letting undertakings choose the standard they use.  Answering EIOPA’s questions in turn:   introducing proportionate requirements for small undertakings;  Enforcing a nationwide convention would impose a disproportionate burden on small undertakings.   harmonising supervisory reporting;  As no harmonisation is proposed at European level, harmonisation does not need to apply at national level either.   promoting compatibility of valuation and reporting rules with the international accounting standards elaborated by the IASB; and  IFRS does not mandate a particular convention.   ensuring efficient supervision of insurance groups and financial conglomerates.  The QRTs in question are not within the scope of group reporting; however, were they to be so, leaving the decision to national supervisors and not to the groups themselves would lead to potential inconsistencies within the group.  It is important to note, however, that the proposed structure of form VA-C2C requires analysis by underwriting year regardless, meaning this form ought to be reconsidered. Please see our comments in 4.117 below. | | Noted. Please see comment 86. |
| 97. | The Directorate General Statistics (DG-S) of the E | | 4.70 | According to paragraph 4.115 in European System of Accounts 95, non-life insurance claims are recorded at the time the accident or other event insured against occurs. Therefore, in order to facilitate the use of Solvency II quantitative data for ECB statistics, DG-S favours the adoption of a specific standard for claims development, namely accident year, and therefore supports option 2. | | Noted. Please see comment 86. |
| 98. | AMICE | | 4.71 | C. RBNS triangles in TP-E3 | |  |
| 99. | NFU Mutual | | 4.71 | The definition of RBNS is still not completely clear. We note that reference is now made to ‘case-by-case’ reserves, but this does not clarify whether we need to take into account any actuarial adjustment to the overall population (via negative or positive IBNER). If such actuarial adjustment is to be included in the ‘case-by-case’ numbers, this may prove both onerous and difficult to achieve, especially on TP-E6. | | Noted. The cost benefit analysis was re-discussed. Based on this re-discussion EIOPA still believes that the option chosen for the public consultation is the one that contributes to the objectives stated in the impact assessment document. |
| 100. | AMICE | | 4.73 | We are in favour of Option 1. We oppose any requirement to report on the number of outstanding claims for the following reasons:  1) The best estimate of technical provisions is mainly driven by paid claims and not by outstanding reserves (with some exceptions such as “peak claims”).  2) Outstanding claims amounts are not easily comparable to Best estimates triangles as the latter include IBNR and are computed using actuarial methodologies and expert judgement, and in some cases they can differ by a great deal.    3) Reinsurance treaties can not be directly applied to outstanding claims (a except XS treaties per claim) but are applied at other levels of aggregation and on a best estimate basis. | | Noted.  Please see comment 99. |
| 101. | RSA Insurance Group plc | | 4.77 | We do not agree with this conclusion – please see 4.78 below. | | Noted. Please see comment 99. |
| 102. | Federation of Finnish Financial Services | | 4.78 | We agree with the EIOPA’s proposal as regards the consistency between E3 and E4. However, the reporting approach where the non-life undertaking is due to report according to a case-by-case approach is not appropriate. In order to do only the reporting for E3 and E4 templates, non-life undertakings need to have case-by-case reserving. If this does not exist, undertakings will need to allocate their collective reserves to have RBNS of collective reserves included in the reports as well and hence making the reporting ‘artificial’. Actually case-by-case reporting is interpreted as a simplified method. | | Noted. Please see comment 99. |
| 103. | RSA Insurance Group plc | | 4.78 | It was not until November 2011 that it was clarified that the RBNS triangles in form TP-E3 were in respect of “case reserves”, thus highlighting the duplication of reporting on E3 and E4. We believe this duplication removes the need for E4 rather than E3, the latter form containing sufficient information for the needs of supervisors.  Firstly, “case reserves” are not a Solvency II concept. It would seem undue weight is being placed on case reserves as a component of the Technical Provision calculation. In order to calculate our Technical Provisions, we already perform actuarial techniques that assess the sufficiency or otherwise of the case reserves as part of our process and hence the risk of the case reserves being too high or low is less important than the disclosure suggests.  There are two basic chain-ladder methods to assess the ultimate cost of claims.   Paid chain-ladder - this uses just the paid claims, so ignores the case reserves   Incurred chain-ladder - this uses the sum of the paid claims and the case reserves.  Only the second method is affected by case reserves and could potentially lead to an error in calculation; however an actuary always uses a variety of methods and if the case reserves were being over or underestimated, this would be identified by the paid chain-ladder, or any of the other non chain-ladder methods such as AVCC.  It would also be identified by validation of actual vs expected that the actuarial function would perform.  Hence, we strongly believe there is a false concern about the accuracy of case reserves affecting Technical Provisions that underlies the vast proposed disclosures.  Thus, we do not in principle agree that E4 as a form is necessary. We support limited disclosure on an aggregated basis as in E3. A suggestion would be to include within E3 additional triangles for the numbers of open and closed claims.  We also disagree with the conclusion in 4.77 which states that the costs of reporting E3 and E4 are “medium”. They are “High” for a number of reasons:  1. Data need to be allocated by SII LoB which incurs costs and is not the way we manage our business. We currently use more granular Homogenous Risk Groups. We suggest that data at SII LoB level are likely to be a mixture of non-homogenous risk groups and hence not appropriate for the use to which the data are intended to be put.  2. In our recent dry-run exercise, we discovered that the data required for TP-E4 is simply not collected in the manner required to complete the form, which would necessitate new systems. We do not understand why data is required that would necessitate counting, defining and aggregating information based on all records of the individual claim in all the claims systems that might exist in the particular undertaking. | | Noted. Please see comment 99. |
| 104. | FEE | | 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. | | Noted. Please see comment 99. |
| 106. | Groupe Consultatif | | 4.80 | We disagree with EIOPA’s approach and think option 3 is the best choice. It is not clear to us how the E4 template would serve the desired benefits. See also comments to E4 in the QRT Templates. | | Noted.  Please see comment 99. |
| 107. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 4.80 | RBNS triangles. The level of detail required for the E4 template would be hard to achieve, because of the lack of available data from the past. The industry would derive no value from attempting to gather and collate that data and it is difficult to see what benefit would accrue to supervisors from attempts to put it together from inadequate sources.  While we appreciate the additional guidance provided by the flowchart, we believe that, if there is a need to provide a flowchart to ensure that the correct approach is adopted, then the E4 template is overly complex to complete and will lead to errors and inconsistencies. | | Noted.  Please see comment 99. |
| 108. | RSA Insurance Group plc | | 4.80 | Answering the questions in turn:  Do you agree that the EIOPA’s suggested approach would be the most efficient and effective in order to achieve the objectives of:  • introducing proportionate requirements for small undertakings;  No, the high costs of introducing this duplicative disclosure requirement, particularly in our experience for smaller undertakings without appropriate data systems, is disproportionate. It also does not achieve the suggested benefit, for the technical reasons given in 4.78 above. We believe sufficient information on case reserves is contained in E3 to remove the need for E4 entirely.  • harmonising supervisory reporting;  Since in many cases data systems do not contain data at SII LoB level, decisions made on allocation will not lead to harmonised supervisory reporting.  • promoting compatibility of valuation and reporting rules with the international accounting standards elaborated by the IASB; and  Such requirements are met by E3, without requiring the existence of E4.  • ensuring efficient supervision of insurance groups and financial conglomerates.  Such requirements are met by E3, without requiring the existence of E4. | | Noted.  Please see comment 99. |
| 109. | The Directorate General Statistics (DG-S) of the E | | 4.80 | According to paragraphs 5.114 and 5.117 in European System of Accounts 95, the sub-category prepayments of insurance premiums and reserves for outstanding claims (F.62) that the ECB collects from NCBs and disseminates both at a national level and aggregated at euro area level includes, under reserves for outstanding claims, amounts held by insurance corporations in order to cover the volume they expect to pay out in respect of claims that are not yet settled, for example, because they are disputed.  Moreover, data on actual transactions (e.g. changes in positions due to purchases or sales of assets, in contrast with “other changes” linked to changes in prices or exchange rates, revaluations, write-offs, write-downs or adjustments) are crucial for the analysis of the investment behaviour of insurers. Therefore, in order to facilitate the use of Solvency II quantitative data for ECB statistics and for the purpose of deriving data on transactions, DG-S agrees with EIOPA’s suggested approach and favours option 4, whereby outstanding claims should be reported in both templates TP-E3 and TP-E4. | | Noted.  Please see comment 99. |
| 110. | AMICE | | 4.81 | D. Quarterly BS-C1 | |  |
| 111. | NFU Mutual | | 4.82 | We currently see little benefit in not compiling a BS-C1 on a quarterly basis, even if it is not submitted. In order to arrive at the Own Funds (which will still be required) it is necessary to produce a Balance Sheet in any case. We consider that the rules as already specified contain sufficient allowance for estimation that the production of a BS-C1 on that basis should not be overly onerous, and allow estimation where full valuation models are not run on a quarterly basis. | | EIOPA acknowledges that the criteria defined under CP9 to exempt quarterly reporting of BS-C1 was difficult to apply (and impossible for reporting by groups), creating uncertainty on the quarterly requirements. Also, any other criteria to define thresholds would not overcome this difficulty. On the other hand, to calculate Own funds quarterly, undertakings will have to calculate the entire balance sheet with the same frequency. Taking all this into account, EIOPA believes that, both from a supervisory point of view and from an operational point of view for undertakings, the request of the balance-sheet quarterly without exemptions is the best approach. |
| 112. | AMICE | | 4.89 | We support Option 3 where the balance sheet is not requested on a quarterly basis. Our members disagree with the request for quarterly balance sheets at both solo and group levels. To establish these would be tremendously burdensome and would add no value for eeither the supervisor or the undertaking. We would assume that the purpose of requesting the submission of quarterly balance sheet information is part of the Supervisory Review process (SRP) and undertakings’ monitoring of their own internal strategic management needs. We argue, however, that the information needed for the continuous monitoring of an undertaking’s solvency position will be provided by the ORSA. The ORSA will allow the assessment of own funds and technical provisions on a continuous basis by using proportionate methodologies and proxies but without the need for recourse to a formal balance sheet that would be very costly to establish. | | Noted.  See comment 111. |
| 113. | NFU Mutual | | 4.89 | If BS-C1 is not produced, does it therefore follow that the supporting schedules (most particularly Assets D1) must be produced, and cannot also be subject to any exemption? | | Exemptions of Assets D1 are independent of quarterly BS. |
| 114. | NFU Mutual | | 4.90 | We note that the decision on whether a BS-C1 is required seems to rest with individual firms on the basis of whether they think their Revaluation Reserve in Own Funds is adequately explained by differences in the valuation of investments and technical Provisions. In the working environment it seems likely that further, more prescriptive guidance will be required to prevent regulatory query or intervention as a result of such an ‘exemption’.  It is not clear, but we assume that the deferred tax element of any Revaluation Reserve is irrelevant in arriving at the decision on whether or not to submit BS-C1 quarterly. | | Noted.  EIOPA acknowledges that the criteria defined under CP9 to exempt quarterly reporting of BS-C1 was difficult to apply (and impossible for reporting by groups), creating uncertainty on the quarterly requirements. Also, any other criteria to define thresholds would not overcome this difficulty. On the other hand, to calculate Own funds quarterly, undertakings will have to calculate the entire balance sheet with the same frequency. Taking all this into account, EIOPA believes that, both from a supervisory point of view and from an operational point of view for undertakings, the request of the balance-sheet quarterly without exemptions is the best approach. |
| 115. | Federation of Finnish Financial Services | | 4.91 | We agree with the EIOPA’s proposal. | | Noted. However, see comment 111. |
| 116. | European Captive Insurance and Reinsurance Owners | | 4.92 | Captives should be exempted from submitting quarterly balance sheets. See our comments in General comments above. | | See comment 111. |
| 117. | FEE | | 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. | | Noted. However, see comment 111 |
| 120. | Groupe Consultatif | | 4.92 | We agree that a quarterly BS-C1 would be too onerous, and probably not in keeping with the objective of proportionality. The suggested option of only requiring a BS-C1 where part of the reconciliation reserve cannot be explained (over a specified threshold) by the other information supplied might leave undertakings unsure of whether the BS needs to be completed until the reconciliation reserve is complete. If the BS-C1 then had to be « unexpectedly » completed over a short time period this could lead to additional costs disproportionate to the impact. If supervisors need the reconciliation reserve difference to be explained they could require additional items in the Reconciliation Reserve section of OF-B1Q to explain it, or notes attached to the return. This appears to be covered in the SFCR (Guideline 22(f)) | | Noted. However, see comment 111 |
| 121. | RSA Insurance Group plc | | 4.92 | Given forms E1Q and F1Q are not applicable to groups, it would appear that the proposed exemption is not available to groups. If that is the intention, we believe that is disproportionate and we should like to understand the reasons for this – unless the financial stability templates proposals have already been anticipated.  Further, it would appear – once the assets, technical provisions and own funds have been reported – there would be little benefit to this exemption, since nearly all the work required to produce a balance sheet will have been done anyway. It is also unclear if the quarterly QRTs will actually help explain the quarterly reconciliation reserve movement required under paragraph 4.90. Finally, the conditions are met only when reconciliation reserve is explained “sufficiently” by these other templates – there is an implicit materiality threshold to be applied, i.e. “sufficiently” needs to be clearly defined.  The proposed exemption would therefore appear to yield any benefit only in a very limited number of circumstances. | | Noted.See comment 111 |
| 122. | The Directorate General Statistics (DG-S) of the E | | 4.92 | The ECB/Eurosystem currently collects timely and high quality monthly or quarterly statistics for large parts of the euro area financial sector but avails only of very limited statistical information on the insurance corporations (IC) sector. Accordingly, improved and detailed quarterly balance sheet information, both on a solo/non-consolidated basis and on a group/consolidated basis has been highlighted by users as an essential requirement. Therefore, template BS-C1 is key for ECB purposes, for information that cannot be derived from quarterly reporting of detailed assets, technical provisions and own funds, or for institutions that are not obliged to report a detailed list of assets at quarterly frequency. Reporting of a full balance sheet (with derogations for items that are covered by item by item reporting) also helps to monitor and verify the quality of the quarterly results.  Furthermore, the ECB raises the question whether the criteria proposed by EIOPA (eplanation of the reconciliation reserve) is sufficiently operational, and whether it would lead to a stable quarterly reporting population.  Overall, the ECB’s DG-S is in favour of the reporting of a full balance sheet at quarterly frequency, with the options for derogations for items covered in other quarterly templates, or small insurers (for which annual balance sheet reporting would apply). | | Noted. See comment 111 |
| 123. | The Phoenix Group | | 4.92 | Phoenix belive that Option 1 best reflects the objectives referred to in Section 3, as long as : a) the comparison with statutory figures are removed from the quarterly reporting requirement and b) approximations are allowed for quarterly reporting.  Any exemptions from quarterly reporting appear to be too judgemental and difficult to define. | | Noted.See comment 111 |
|  | If P&C | | 4.92 | We see a need to report the Balance sheet on quarterly basis as it is needed to report the OF report. It also adds value to the data quality verification. | | Noted |
| 124. | AMICE | | 4.93 | E. Scope of disclosure | |  |
| 125. | European Captive Insurance and Reinsurance Owners | | 4.93 | We suggest that the frequency of public disclosures should be kept on an annual basis. | | Noted and agreed. |
| 126. | Federation of Finnish Financial Services | | 4.93 | We think the figures which would be disclosed publicly according to this table is acceptable. | | Noted. |
| 127. | Marsh Captive Solutions | | 4.93 | We suggest that the frequency of public disclosures should be kept on an annual basis. | | Noted and agreed. |
| 128. | RSA Insurance Group plc | | 4.93 | The table is unclear regarding the public disclosure of forms A1Q, B1Q, E1Q and F1Q: it does not clearly state that what is required is actually the annual version of these forms, but in a format identical to the quarterly version. Instead, the table might be misconstrued to mean that the quarterly forms will need to be disclosed. The clarity needs to be improved here. | | Noted. EIOPA will clarify the table. Disclosure is only annual, using the referred templates in its quarterly format |
| 129. | AMICE | | 4.94 | We agree with the proposed approach for public disclosure. | | Noted |
| 130. | Federation of Finnish Financial Services | | 4.94 | We do not agree with the EIOPA’s proposal.  OF - B1A/Q- cell B30 This information should not be disclosed publicly, because the EPIFP is of no additional benefit for the public and is sensitive competitive information.  Cover A1A Insurance companies already disclose information on premiums, claims and expenses based on accounting information. So is there really need to disclose this information – should SII focus on solvency information. | | Noted. Not all undertakings disclose publicly their accounting information, and for those that do it, different accounting and disclosure formats exist, which will not assure comparability. |
| 131. | European Captive Insurance and Reinsurance Owners | | 4.95 | Captives should be exempted from public disclosure of templates as the information is confidential and not of interest to Consumers. Where a captive is insuring only the risks of its parent and/or Group companies, disclosure of the risks underwritten will provide a clear picture of the parent or Group companies’ insurance programme. Similarly, the captive may create loss reserves for outstanding claims which can be easily identified. It would be detrimental to their business if this information is publicly available e.g. it would have an impact upon the settlement negotiations between the parent or Group company and the claimant. Captives should be exempted from public disclosure of certain information in accordance with Article 53 (1) of the Directive. | | Noted |
| 132. | FEE | | 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. | | Noted |
| 134. | Groupe Consultatif | | 4.95 | We agree with the scope of public disclosure as outlined. | | Noted |
| 135. | RSA Insurance Group plc | | 4.95 | We believe that public disclosure regarding risk concentrations ought to be in line with, and not exceed, those of the SFCR (Level 2 text, Article 286 PDS5 (3) and Article 341 PDG1 (2)(c)).  We also believe there should be no public disclosure of capital add-ons within the transitional period allowed for in Article 51 of the Directive, due to sensitivity and the fact that a number of factors could lie at their source. | | The proposal for public disclosure is in line with the Level 2 text requirements for SFCR, capital management section. |
| 136. | The Phoenix Group | | 4.95 | Suggested disclosure seems reasonable. | | Noted. |
| 137. | AMICE | | 4.96 | F. Ring-fenced funds : no comments | | Noted. |
| 138. | Federation of Finnish Financial Services | | 4.99 | We agree with the EIOPA’s proposal. | | Noted. |
| 139. | European Captive Insurance and Reinsurance Owners | | 4.100 | See our comments in 4.95. | | Please see answer to n. 131. |
| 142. | Groupe Consultatif | | 4.100 | We agree with EIOPA’s approach although we would suggest that some clarity be given to the materiality threshold envisaged. | | Noted. |
| 143. | RSA Insurance Group plc | | 4.100 | RFF are not applicable to our Group; however, reporting in respect of RFF ought to be as proportionate as possible, having regard to materiality. | | Noted. Should be clarified by the Level 3 GL and TS on RFF. |
| 144. | AMICE | | 4.101 | G. Variation Analyses | |  |
| 145. | The Directorate General Statistics (DG-S) of the E | | 4.101 | Variation analysis templates are crucial for ESCB statitics, and need to derive estimates of financial transactions for balance sheets, as well as information on profit and loss (though they do not provide a proper P&L). For this reason the ECB welcomes the inclusion of variation analysis templates for understanding the evolution of Solvency II balance sheet and own funds over time. This approach might also allow overcoming issues of comparability of the profit and loss data between countries which are due to the use of different accounting standards, IFRS or national GAAP. | | Noted. |
| 146. | AMICE | | 4.104 | We acknowledge that the variation analysis of changes in basic own funds are of utmost importance for the undertakings themselves as well as for supervisors. We agree on the need to create a Variation Analysis Template with the aim of understanding the changes in the balance sheet and own funds between the year N-1 and N. However, EIOPA would agree that the VA templates are still under discussion as some elements would have to be amended to be able to obtain the desired results. Please refer to our comments on QRTs. | | Noted. |
| 147. | European Captive Insurance and Reinsurance Owners | | 4.110 | Agreed to the fact that disclosures should not be made public and only reported on an annual basis. | | Noted. |
| 148. | Marsh Captive Solutions | | 4.110 | Agreed to the fact that disclosures should not be made public and only reported on an annual basis. | | Noted. |
| 149. | The Directorate General Statistics (DG-S) of the E | | 4.110 | Regarding data needed to compile quarterly financial transactions explaining the changes between two subsequent balance sheets, as well as for financial stability analyses, the ECB stresses the need for quarterly data. | | Noted. |
| 150. | RSA Insurance Group plc | | 4.115 | There is no reason why the change in BOF due to changes in investment valuation needs to be analysed between cells A6, A7 and A8 in form VA-C2B. We (and many other firms) simply do not keep such records. When multiple purchases are made of a single stock, an average cost price is computed. When changes in investment valulation are quantified, they are done in total. The purpose in the LOG does not explain why this is needed, apart from stating the obvious. We request that this analysis be removed. | | Addressed in new version (one unique cell) |
| 151. | The Directorate General Statistics (DG-S) of the E | | 4.115 | The ECB welcomes the split of changes on OF which corresponds to ‘investments’ separately from those as regards assets held for unit linked and index linked funds. | | Noted. |
| 152. | The Directorate General Statistics (DG-S) of the E | | 4.116 | Data on transactions are essential for ECB statistics and analysis. On the liabilities side, transactions for life insurance may be computed in the following way (according to ESA95):   ”5.108. Transactions in net equity of households in life insurance reserves consist of additions less reductions, which are to be distinguished from nominal holding gains or losses on the funds invested by insurance corporations.  Additions consist of:  (a) actual premiums earned during the current accounting period;  (b) plus premium supplements corresponding to the income from the investment of the provisions, which is attributed to policy holding  households;  (c) less service charges for life insurance.  Reductions consist of:  (a) amounts due to holders of endowment and similar insurance policies when they mature and amounts due to beneficiaries from deaths of insured persons;  (b) plus payments due on policies that are surrendered before maturity.”    In this template technical provisions are included as a whole. The availability of technical provisions breakdown at least by life and non-life is, therefore, important to enable the computations of transactions. | | The template also includes TP divided in BE and Risk Margin, by LoB. TP as a whole refer to TP that are calculated using a replicating assets portfolio, that matches perfectly the liabilities characteristics and are not part of the rest of TP, nor a total of those. |
| 153. | Federation of Finnish Financial Services | | 4.117 | Here the order of the analysis differs what is expressed in template VA-C2C and in its LOG and Summary documents. Does the order mean the order of the calculation as in the template or is it accidental? The order raises the question whether EIOPA is sure what it wants. | | Noted. There should not be any inconsistency (order of calculation is suggested in the LOG while EXCEL file is towards a better presentation purpose) |
| 154. | RSA Insurance Group plc | | 4.117 | The proposed structure of this analysis effectively requires analysis by underwriting year, completely contradicting the conclusion reached in 4.69. We suggest a simpler, alternative layout, using brought-forward and carried-forward balances, which would accommodate both accident year and underwriting year analyses. | | This comment has been addressed in new version |
| 155. | Federation of Finnish Financial Services | | 4.120 | We do not agree with EIOPA. VA (The Variation Analyses) –template is too complicated and it`s difficult to understand all those interconnections in it. We think that to get best result it `s best to prepare this template in some years` time after having gained experience with companies and authorities. Before that companies can make their own “variation analysis” (the evolution of Solvency II balance sheet items and own funds over time) and together with authorities try to find best practice to present this evolution in template. Anyway until then all companies will analyse this evolution in their own way. | | Noted but disagree  It is deemed important to have a homogeneous analysis of evolution of BOF.  Note that V.A is applicable only for the second year of SII implementation |
| 156. | FEE | | 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). | | Noted. |
| 159. | Groupe Consultatif | | 4.120 | We disagree. The problem with the variation analysis at this stage is that too detailed templates might dictate too much the area which is still under development. We feel a more principles based approach would be more valuable for the end-user and also stimulate progress in the area instead of formalising it. See also comments to VA in the QRT Templates. | | Disagree, it is important to foster a harmonized analysis of the variation. And, as anyway such analysis will be complex, it is important to provide rules. |
| 160. | RSA Insurance Group plc | | 4.120 | We agree that the current VA templates are much improved from previous versions, both the original EIOPA proposal and the 2011 industry counterproposal.  There are still areas where a less complex approach is required, not least in form VA-C2C. We suggest a simpler, alternative layout, using brought-forward and carried-forward balances, which would accommodate both accident year and underwriting year analyses. Under this proposal, the section on risks accepted prior to the period would disappear and the section on risks accepted during the period would include the brought forward premium provision, with subsequent lines (B1-D1) pertaining to those accumulated during year N only. | | Noted and to some extent addressed in the new version |
| 161. | The Phoenix Group | | 4.120 | As per our comments in the Variaion Analysis QRTs Consultation Paper responses, the VA QRTs should generally reflect current Accounting pratice and where possible shopuld be completed on a cashflow basis. | | Noted and addressed in new version |
| 162. | AMICE | | 4.121 | H. Narrative reporting  We are in favour of Option 1 (not to have a Level 3 on narrative reporting) as we believe that Level 1 and Level 2 in particular, provide very detail information on what is expected to be submitted to the supervisory authorities. | | Noted |
| 163. | European Captive Insurance and Reinsurance Owners | | 4.124 | The detail with regard to narrative disclosure requirements should be proportionate to the nature, scale and complexity of the undertaking. The frequency of reporting should be on an annual basis. | | Noted |
| 164. | Federation of Finnish Financial Services | | 4.124 | We agree with the EIOPA’s proposal, but we point out that : “SFCR report: For IFRS undertakings these requirements don’t bring much additional reporting requirements especially because in SFCR one can refer to other reports. RSR report: We repeat our earlier position on the QRT’s that it shall be possibly to refer in RSR to other reports, too. » | | Noted. It will be defined on Level 2 |
| 165. | Marsh Captive Solutions | | 4.124 | The detail with regard to narrative disclosure requirements should be proportionate to the nature, scale and complexity of the undertaking. The frequency of reporting should be on an annual basis. | | Noted |
| 166. | FEE | | 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. | | Noted |
| 168. | Groupe Consultatif | | 4.125 | We agree that option 3 is the best approach. However we would caution that the full package of Level 1, 2 and 3 requirements represent in totality a more prescriptive approach than had been assumed from previous EIOPA comments that guidance on these reports would remain principles-based. This is likely to prove onerous for less complex and smaller undertakings, and in particular for less complex groups. | | Noted |
| 169. | RSA Insurance Group plc | | 4.125 | We agree that option 3 is the most preferable; however more of an “option 2 approach” has been taken with the L3 guidelines for narrative reporting: some of the guidelines are too prescriptive or bureaucratic; and others are simply duplicative. We have commented on these separately in our response to the draft L3 Guidelines. | | Noted |
| 170. | The Phoenix Group | | 4.125 | Phoenix agree with EIOPA that Option 3 best reflects the onjectives referred to in Section 3. | | Noted |
| 171. | AMICE | | 4.126 | I. Risk Concentration  We are in favour of Option 2 (to only report qualitative information on risk concentration). We agree that some quantitative information can still be included in the narrative report if deemed necessary. | | EIOPA re-discussed the cost and benefits of the 2 proposed options and decided for option 1, as this option would contribute to harmonize quantitative reporting and analysis, whit narrative reporting providing more detailed explanations on risk concentration at group level.  See also comments template on RC |
| 172. | AMICE | | 4.129 |  | |  |
| 173. | Federation of Finnish Financial Services | | 4.130 | We agree with the EIOPA’s proposal. | | Noted. See comment 171. |
| 174. | FEE | | 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”. | | Noted. See comment 171. See also comments template on RC |
| 176. | Groupe Consultatif | | 4.131 | We agree that qualitiative reporting with figures would better meet the objectives. The data required in the current template is not clear (see comments on template). The figures required could be information such as that included in the helper tab for QIS5 for market concentration risk combined with references to the reinsurance templates. | | Noted. See comment 171. See also comments template on RC |
| 177. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | 4.131 | Risk concentration We agree that the option for only qualitative narrative for risk concentration would be more meaningful and effective. | | Noted. See comment 171. See also comments template on RC |
| 178. | RSA Insurance Group plc | | 4.131 | We agree with EIOPA: the current proposed form duplicates, in part, solo-level reporting for assets (D series) and reinsurance (e.g. J3). There is no new information being reported here in these areas, so these elements should be withdrawn at the very least.  Further, the proposed requirements for the SFCR and RSR already include disclosures on risk concentrations, for each of the major types of risk. Such disclosures are both qualitative and quantitative in nature. We do not see what the RC form is seeking that is not already being obtained from these disclosures. In addition, such disclosures are available at a solo level, not just at a group level, meaning granularity of data is not an issue.  As such, we therefore believe this form should not be retained. | | Noted. See comment 171. See also comments template on RC |
| 179. | The Directorate General Statistics (DG-S) of the E | | 4.131 | A quantitative risk concentration template is strongly required for ESRB/financial stability use. Financial stability analysis, surveillance and assessment are typically carried out on the basis of consolidated financial information of financial groups in order to capture all the risks that may arise from its business lines and affiliates. From a systemic risk perspective, large insurance groups should receive special attention in this regard and, as a minimum requirement, therefore consolidated reporting at a frequency as high as possible without overburdening the reporting undertakings would be essential. Therefore the ECB supports prefers option 1 (quantitative risk concentration template plus qualitative narrative explaining the different exposures). As the ECB understands that this template is very difficult to set up, owing to the wide diversity of situations faced depending on business lines and classes of risks to assess, an annual reporting frequency is considered to be sufficient. | | Noted. See comment 171. |
| 180. | The Phoenix Group | | 4.131 | Phoenix agree with EIOPA that Option 2 best reflects the objectives referred to in Section 3. Undertakings should retain the flexibility to report Risk Concentrations based on how it manages its risks, similar to the IFRS principle on this. | | Noted. See comment 171. See also comments template on RC |
| 181. | European Captive Insurance and Reinsurance Owners | | 4.137 | Quarterly reporting should only be required and used for supervision purposes. Public disclosures should be on an annual basis. | | Public disclosure is only annual |
| 182. | Marsh Captive Solutions | | 4.137 | Quarterly reporting requirements should only be required and used for supervision purposes. We believe that the frequency of public disclosures should be kept to an annual basis. | | Public disclosure is only annual |
| 183. | RSA Insurance Group plc | | 4.138 | See 4.140. | | Noted |
| 184. | RSA Insurance Group plc | | 4.139 | See 4.140. | | Noted |
| 185. | RSA Insurance Group plc | | 4.140 | See 4.21 above: the assertion made in this paragraph does not take into account certain practicalities. | | Noted |
| 186. | Marsh Captive Solutions | | 4.141 | We agree that data requirements by EIOPA and ECB should be streamlined and that reporting by undertakings should be under one set of templates. | | Noted |
| 187. | RSA Insurance Group plc | | 4.141 | The purported view of the ECB needs to be justified, especially since the risk profile of an insurer is very different from that of a bank. Any reporting over and above that already proposed in this consultation needs to be accompanied by very clear rationale. | | Noted |
| 188. | AMICE | | Q1. | Q1. Are the requirements clear and will they help the undertakings understand what they need to do?  Further clarity on the information requested in some areas of the templates is required in the LOG document. Please refer to our comments on the QRTs. | | Noted. EIOPA worked on the clarification of the aspects pointed out by the respondents. |
| 190. | Groupe Consultatif | | Q1. | The level of detail given in the LOG documents is helpful although it is unclear what approach will be taken in the event that issues remain unclear after final guidelines are issued.  The quantum and nature of the content in the SFCR does not seem pitched at a level that typical consumers are likely to engage with.  A consumer summary might be more effective if it was more prescriptive and limited to a couple of pages? | | Noted |
| 191. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | Q1. | In general, the requirements are set out clearly. | | Noted. EIOPA worked on the clarification of the aspects pointed out by the respondents. |
| 192. | KPMG | | Q1. | There are some significant uncertainties around the methodology to be applied in preparing the Group Solvency II balance sheet, which we have commented on in more detail under Q2 below, which require clarification. Similarly the uncertainty regarding the asset data templates given the current European Parliament debate means we do not expect to see all organisations designing and implementing data and system solutions in respect of these without clarification. While the nature of the QRTs section of the consultation means the requirements in respect of variation analysis are clearly prescribed, we view this template as requiring some substantive change by EIOPA before the final requirements are set.  The proposals in respect of narrative reporting are at a higher level of detail than the proposals for QRTs. The latest draft of the delegated acts, which sets out detailed proposals, remains a private document and, as such, some stakeholders may find the level of detail provided in this consultation insufficient to allow detailed implementation of the requirements.  There are some inconsistencies between this consultation and the draft proposal on the add-on Quantitative Financial Stability Reporting templates which closes on 20 February 2012. We will provide our comments separately in accordance with the timings of that consultation but note that such inconsistencies create uncertainty as to EIOPA’s intention. | | Noted. EIOPA worked on the clarification of the aspects pointed out by the respondents. |
| 193. | RSA Insurance Group plc | | Q1. | Whilst the requirements have become clearer with each iteration of the QRTs, there are still a number of areas of clarification required, too numerous to mention here. (We have cited these in our response to the QRTs in the relevant response template.)  We recommend that there be a further public consultation on the next version, given that a number of significant issues still remain. | | Noted. EIOPA worked on the clarification of the aspects pointed out by the respondents. |
| 194. | The Phoenix Group | | Q1. | There are many individual data items on the QRTs that are unclear, please see the QRT responses for details.  Generally there is a considerable improvement from the previous QRTs / log files. | | Noted. EIOPA worked on the clarification of the aspects pointed out by the respondents. |
| 196. | Groupe Consultatif | | Q2. | The requirements for external audit need clarification. | | Noted |
| 197. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | Q2. | There are a number of fields which will require EIOPA defined coding for completion. It would be helpful for systems development and implementation if that coding were made available as soon as possible. Information about requirements from national supervisors also needs to be made available as early as possible. | | Noted |
| 198. | KPMG | | Q2. | Further to our answer to question 1 above, further Guidance is required on the consolidation methodology to be applied in preparing a group balance sheet and related disclosures. We expect the systems design and build effort to be greatest for groups and as such guidance is key to allow these activities to begin. Particular guidance is required on the following topics :  Treatment of other financial sector subsidiaries in the Group Solvency II balance sheet  Clarification on whether these should follow the QIS5 presentational treatment (where total assets and total liabilities relating to other financial sector subsidiaries were shown as separate lines in the group balance sheet) or whether they should be consolidated in the same way as (re)insurance subsidiaries i.e. presented on a line by line basis.  Treatment of associates and joint ventures in the Group Solvency II balance sheet  Confirmation that investments which are not controlled should be presented within the participations line within investments on the balance sheet.  Treatment of non-EEA insurance subsidiaries in the Group Solvency II balance sheet  Guidance should be provided on how equivalent non-EEA insurance subsidiaries, which will be valued using equivalent local rules for Pillar 1 purposes, should be included within the QRTs in terms of presentation and valuation.  Treatment of OEICs and unit trusts in the Group Solvency II balance sheet  Guidance on whether the consolidation methodology to be applied in preparing the Group Solvency II balance sheet should be consistent with IFRS, particularly in relation to whether controlled OEICs and units trusts should be consolidated (i.e. the underlying assets and liabilities of the funds shown on separate lines on the face of the balance sheet). We note that the conclusions of the current debate about the implications of IFRS 10 for the insurance industry will also need to be considered by EIOPA. | | Please see Level 2.  Regarding the equivalent treatment please refer to Level 3 GL on group solvency calculation.  Noted for the other issues. |
| 199. | RSA Insurance Group plc | | Q2. | See above and our response to the QRTs in the relevant response template. | | Noted |
| 200. | The Phoenix Group | | Q2. | Generally, the definitions in the log files could be clearer, there are many fields that are opwn to interpretation / ambiguous. Some of the definitions do no more than reiterate the description. Phooenix recommend that full, unambiguous definitions, with realistic examples are included with the next release of QRTs. | | Noted. EIOPA worked on the clarification of the aspects pointed out by the respondents. |
| 201. | FRC UK | | Q3. | We consider that it is desirable that supervisory valuation standards should, to the extent appropriate, be compatible with accounting standards and therefore agree that EIOPA should develop its approach to reporting with this in mind.  Caution will be needed as accounting standards are developed to meet the needs of a different primary audience, investors, and for different purposes than the needs and purposes of policyholders and supervisors.  Recognising therefore that there will be differences we suggest that the SFCR should include an explicit reconciliationof the Solvency II balance sheet with the balance sheet in the undertaking’s financial satements.We suggest that EIOPA consider additonal Level 3 guidance to support the reconcilation requirement in Level 2 Implementing Measures. | | Noted. The level of description of reconciliation is considered sufficient by EIOPA |
| 203. | KPMG | | Q3. | We would welcome guidance on:  - Supervisory reporting requirements in 2013  - External audit requirements over publicly disclosed information and information reported to the supervisor | | Noted. The first question will be addressed in OMBII and Level 2.  On the second question, external audit was not covered by this consultation. |
| 204. | RSA Insurance Group plc | | Q3. | We believe the reporting requirements are excessively comprehensive as currently proposed, providing users and supervisors with more than sufficient information to assess the adequacy of an undertaking’s/group’s capital. We recommend that serious consideration be given to reducing the level of detail required, for example the quantity and necessity of claims triangles data. | | Noted |
| 205. | AXERIA PREVOYANCE – AXERIA IARD - SOLUCIA | | Q4. | It could be efficient to determine the transition period while both regulatory reporting (actual) and new QRT will be required | | Noted. The question will be addressed in OMBII and Level 2. |
| 206. | European Captive Insurance and Reinsurance Owners | | Q4. | It is important to note that huge investment has to be made into IT systems. Thus it is imperative that the final reporting framework is finalised as soon as possible to allow undertakings to modify reporting systems in time for implementation and reporting of data. | | Noted. EIOPA believes that this public consultation and the subsequent publication of a stabilized reporting package will contribute to this goal. |
| 208. | Groupe Consultatif | | Q4. | - The requirement to produce Q4 (unaudited) ahead of annual QRTs (some audited) where these are both in respect of the same balance sheet position is inefficient for both undertaking and supervisor.  - Pre-populated templates with formulae would assist undertakings in their completion of the templates and avoid inconsistent application.  -  The requirement to replicate the SFCR contents within the RSR seems inefficient particularly given the supervisor will see both reports. The ability to include other reports by way of annex or appendix might prove more efficient.  - There should be an allowance made that undertakings, where appropriate, can produce a single report covering group and solo requirements for the RSR, in the same way as is allowed for the SFCR (and ORSA). | | Please see specific comments on resolution for the 4th quarter. The reporting templates will not be excel templates, and no formulas will be included. However filling rules will include formulae (as already described in the excel templates) to explain the relation between different elements.  Noted.  Noted. |
| 209. | KPMG | | Q4. | We note the following likely issues:  - Quarterly reporting will be a new activity for many firms and for some will represent very significant challenges which will require process redesign and increased resources  - Putting in place systems and process to populate the asset data template will be onerous for many life companies  - Depending on the methodology for inclusion of non-EEA insurance subsidiaries and other financial sector entities in group templates, data collection from these entities may prove difficult and costly. | | Noted. |
| 210. | Marsh Captive Solutions | | Q4. | It is important to note that huge investments has to be made to IT systems. Thus it is imperative that the final reporting framework will be finalized at the earliest to allow undertakings to modify reporting systems in time for implementation and reporting of data.  One point which EIOPA should decide upon is whether all reporting to be made in XBRL format or whether undertakings will be required to submit the reporting on the excel spreadsheets as provided under the QRT. | | Noted. See comment 206. |
| 211. | RSA Insurance Group plc | | Q4. | Some of the requested data is reliant upon third parties (e.g. investments data and stocklending collateral). Such data willi simply not be available in the manner requested.  It needs to be clarified that reasonable differences between Q4 quarterly submissions and annual submissions will be acceptable, given the shorter timeframe available to complete the former. Any such differences ought not to be accompanied by formal reconciliations, but only explanations where significant enough to merit them.  In order for firms to complete the forms in a meaningful manner, firms have to be given adequate time to compile the data and to go through internal governance to ensure their accuracy. The current proposed timeframes are at the lower end of the range of acceptability. There needs to be a recognition that groups require additional time to consolidate responses. | | Noted.  For most of quarterly templates the information to be reported is less than the annual one.  Please note that the timeframes for reporting will be defined on Level 2 Implementing Measures |
| 212. | AMICE | | Q5. | Q5. What benefits may flow from the proposed requirements?  The benefits associated with the templates will give supervisors a lot of valuable information about the insurance undertakings. For many undertakings, the templates will increase the undertaking’s own understanding of its business and risk profile. For most undertakings, the templates will inspire development and improvements in the internal management information, risk management, etc.  Overall , however, the templates will primarily benefit Supervisors and, if the templates are published, they may provide some benefit to the consumers. | | Noted |
| 213. | Groupe Consultatif | | Q5. | We believe that harmonisation of reporting will benefit supervisors and the public alike, although our sense is that the public reporting of information will serve more in terms of discipline in how undertakings operate themselves rather than necessarily enhancing consumers’ understanding. | | Noted. |
| 214. | KPMG | | Q5. | - There will be increased consistency and comparability across Europe  - The granular information on risk information and localisation, provided they form part of an overall supervisory framework and approach, should facilitate effective supervision  - For many firms the reporting package will represent an increase in the amount of information provided to their supervisor compared to the existing regime. One benefit of increasing the amount of regular, prescribed reporting is that it will decrease the amount of ad hoc reporting.  - Transparent, public disclosure of economic valuations and risks will given increased visibility to high-risk products, investments and general operations. | | Noted. |
| 215. | RSA Insurance Group plc | | Q5. | The harmonisation of reporting requirements is welcomed by our Group; however, this should not be done at the expense of expediency, practicality and proportionality. For instance, it should be left to undertakings and groups to determine whether accident year or underwriting year is to be adopted, not national supervisors. | | Noted. |
| 216. | AMICE | | Q6. | Q6. Do undertakings agree with the analysis of the costs for the implementation of the reporting requirements? Are there other costs and negative impacts EIOPA should consider?  Although the templates, for the most part, only include information already stored at the undertakings, implementing the proposed reporting requirements will imply significant additional costs. The reporting templates will, with maybe some exceptions, not make existing internal reporting used for e.g. management decisions, risk management purposes, compliance and control, redundant.  Furthermore, once in regular use, supervisors should acknowledge that the templates are closely scrutinized to ensure completeness, accuracy, etc. by the undertaking before being transmitted to the supervisor. Even if undertakings succeed in implementing fully automated “straight-through processed” reporting, the templates will always be liable to human error (e.g. wrong inputs), system failures (e.g. changes in data providers’ data formats), etc. that require substantial controlling.  All in all, we believe that the proposed reporting templates will put a heavy burden on undertakings beyond the actual cost of compliance. We are not convinced that the the benefits for supervisors and society will outweigh the cost for the undertakings and policyholders.  Undertakings’ risk management systems and procedures can (and should) function satisfactorily, independently of the proposed reporting templates.  Undertakings’ risk management will only be based on these reporting templates to a limited extend. Prudently managed undertakings will base their risk management on tailor made solutions addressing the risks embedded in their investment portfolios. We interpret the regulation on ORSA in such a way that tailor made risk management is more or less mandatory. | | Noted. |
| 218. | Groupe Consultatif | | Q6. | We agree broadly with the analysis of costs on an individual requirement basis but we feel the sum of the parts is likely to underestimate the total reporting & disclosure costs that will result. In particular this does not explicitly take into account additional costs resulting from overlapping requirements (e.g. consistency checks, groups vs solo, Q4 and annual QRTs, SFCR and RSR, RSR and ORSA), competing deadlines and resources, costs of external audit and any additional costs arising from other requirements (e.g. national). | | Noted. |
| 219. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | Q6. | It is too early in the process to make realistic estimations of costs. Delays in the implementation of the new regime will add to costs. | | Noted. |
| 220. | KPMG | | Q6. | While the consultation consider various specific points e.g. asset data forms, quarterly balance sheet and claims outstanding, it does not consider all the cost implications of the reporting requirements. In our view the reporting requirements will represent a significant increase in the volume of information that entities are required to publish and provide to their supervisors. This increase is a material factor in causing companies to strengthen their reporting capability more generally, for example investing in IT systems and data stores (which are primarily one off, up front costs) and increasing appropriately skilled human resources (which are primarily ongoing costs). | | Noted. |
| 221. | RSA Insurance Group plc | | Q6. | The anticipated costs have been underestimated in a number of instances:   The data required to complete certain forms significantly exceed those needed for internal risk management purposes (e.g. Assets-D1, BS-C1B).   The insistence that salvage and subrogation cash inflows be separately analysed in a number of forms, despite such analysis not being needed for the Solvency II technical provisions calculation, will create an unreasonable burden for non-life undertakings.   Various data items are asked to be analysed in different ways: e.g. underwriting location by country of risk or country of underwriting; and premiums written/earned/paid.   The variation analysis templates implicitly require analysis by underwriting year.   A number of the forms either have no reference to materiality, or the proposed de minimis limits are too small as to be useful. For instance, the limits proposed for form TP-E3 would potentially mean a currency comprising only 0.75% of the total LoB would need to be reported.   Certain forms are duplicative (e.g. Re-J1 and Re-J2 – assuming the latter covers the whole reinsurance programme, not just treaties), with no apparent benefit.  One potential source of cost savings is an automation of the standard formula templates, which would in turn be linked to the other reporting templates. This would reduce effort and processing times. | | Noted. |
| 222. | The Phoenix Group | | Q6. | Generally, the information required for the granularity of QRT reporting proposed for Solvency II is not currently available on a day to day basis.  The granularity of reporting required in particular for Reinsurance and Asssets QRTs will have major cost implications to Undertakings.  It appears that a proper cost assessment has not been completed, only a broad high-level statement appears in the ‘General’ QRT documents. EIOPA should consider whether a more detailed cost analysis is appropriate. | | Noted. |
| 223. | AMICE | | Q7. | Q7. Do undertakings agree with the proposed options in the analysis of the impact? Are there other options EIOPA should consider?  We generally agree with the suggested options analysed as part of the impact assessment. However, the number of areas to be addressed in the impact assessment should be expanded to cover the following topics:   Look-through approach investment funds   Use of proxies and approximations for quarterly reporting | | Noted. |
| 224. | Groupe Consultatif | | Q7. | Commented on individually. | | Noted. |
| 225. | KPMG | | Q7. | In our view there are other and less onerous ways to monitor effectively firms’ exposure to market, credit and counterparty risk than using the current asset data templates. For example, by reporting individual material exposures and detailed analysis of sectoral exposures. | | Noted. |
| 226. | RSA Insurance Group plc | | Q7. | See our responses to the individual questions above. | | Noted. |
| 227. | AXERIA PREVOYANCE – AXERIA IARD - SOLUCIA | | Q8. | We suggest to realize simplified QRT during the implementation phases | | Noted. |
| 228. | FRC UK | | Q8. |  | | Noted. |
| 230. | Groupe Consultatif | | Q8. | Commented on individually. | | Noted. |
| 231. | IUA (INTERNATIONAL UNDERWRITING ASSOCIATION) | | Q8. | Given that international accounting standards are still in development and may not be entirely compatible with Solvency II, it will be difficult for EIOPA to promote compatibility. | | Noted. |
| 232. | KPMG | | Q8. | For the smallest insurers, the reporting requirements of Pillar 3 will still represent a very large increase in the amount of supervisory information currently produced. Particularly where these insurers are closed to new business, the costs of compliance will decrease their solvency position. | | Noted. |
| 233. | Marsh Captive Solutions | | Q8. | We welcome the proportionate requirement for small undertakings. But what is the definition of criteria to be a ‘small undertaking’? And this proportionate should be for both quarterly and annually reporting | | The materiality and thresholds are defined for each template applicable. EIOPA considers that for annual templates the materiality is also applicable by limiting certain reporting requirements, for example see the currency materiality for reporting TP-E3 |
| 234. | RSA Insurance Group plc | | Q8. | See our responses to the individual questions above. | | Noted. |
| 235. | AXERIA PREVOYANCE – AXERIA IARD - SOLUCIA | | Q9. | Final QRT( including XBRL taxinomy) should be available as soon as possible in order to enable companies developing IT requirements. | | Noted. |
| 236. | Groupe Consultatif | | Q9. | Undertakings’ compliance with the guidelines could be declared as part of the supervisory returns. It should be clear what guidelines are in scope for such a declaration so as not to be misinterpreted. | | Noted. |
| 237. | KPMG | | Q9. | In our view an auditor’s report on relevant parts of the annual reporting package would provide this from the perspective of efficient supervision..    Our recommendation is that EIOPA consult formally on the audit requirements over Pillar 3 and Solvency II more generally. | | Noted. |
| 238. | Marsh Captive Solutions | | Q9. | Reporting of data should be made to the national supervisor and establish a single contact point. The identified party from the national supervisor (insurance regulator/central bank/national statistics) will be able to share information with the other authorities. | | Noted. |
| 239. | RSA Insurance Group plc | | Q9. | For internal purposes, the administrative, management or supervisory board (AMSB) would normally approve submissions prior to release. A confirmation of compliance with guidelines could be made by management to the AMSB, prior to the latter’s approval. We see no value in having these returns externally audited. | | Noted. |
| 240. | The Phoenix Group | | Q9. | This question is not c lear. Is this relating to external audit of QRTs ? If so, the guidelines as to which QRTs will require external audit should be made more clear. | | Noted. |