



EIOPA-CP-14/050

27 November 2014

**Consultation Paper**  
**on**  
**the draft proposal for**  
**Guidelines on**  
**exchange of information on a**  
**systematic basis within colleges**

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## Responding to this paper

EIOPA welcomes comments on the Consultation Paper on the draft proposal for Guidelines on exchange of information on a systematic basis within colleges.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA in the provided Template for Comments, by email [Consultation\\_Set2@eiopa.europa.eu](mailto:Consultation_Set2@eiopa.europa.eu), by 2 March 2015.

Contributions not provided in the template for comments, or sent to a different email address, or after the deadline will not be processed.

### Publication of responses

Contributions received will be published on EIOPA's public website unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on public access to documents<sup>1</sup>.

Contributions will be made available at the end of the public consultation period.

### Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. They will only be used to request clarifications if necessary on the information supplied.

EIOPA, as a European Authority, will process any personal data in line with Regulation (EC) No 45/2001 on the protection of the individuals with regards to the processing of personal data by the Community institutions and bodies and on the free movement of such data. More information on data protection can be found at <https://eiopa.europa.eu/> under the heading 'Legal notice'.

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<sup>1</sup> [https://eiopa.europa.eu/fileadmin/tx\\_dam/files/aboutceiops/Public-Access-\(EIOPA-MB-11-051\).pdf](https://eiopa.europa.eu/fileadmin/tx_dam/files/aboutceiops/Public-Access-(EIOPA-MB-11-051).pdf)

## **Consultation Paper Overview & Next Steps**

EIOPA carries out consultations in the case of Guidelines and Recommendations in accordance to Article 16 (2) of the EIOPA Regulation.

This Consultation Paper presents the draft Guidelines, explanatory text and a technical annex where relevant.

The analysis of the expected impact from the proposed policy is covered under Annex I (Impact Assessment).

### **Next steps**

EIOPA will consider the feedback received and expects to publish a Final Report on the consultation and to submit the Consultation Paper for adoption by the Board of Supervisors.

# 1. Guidelines

## Introduction

- 1.1. According to Article 16 and 21(3) of Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (hereinafter "EIOPA Regulation")<sup>2</sup> and with regard to Article 249 of Directive 2009/138/EC of 25 November 2009 of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (hereinafter "Solvency II Directive")<sup>3</sup>, EIOPA developed guidelines on the exchange of information on a systematic basis within colleges of supervisors (hereinafter "colleges"). These guidelines address the practical needs of colleges for the regular exchange of information, identified by EIOPA in comprehensive reviews of their work through action plans for colleges, EIOPA's college reports and peer reviews. Based on these elements, EIOPA assessed the level of convergence needed and identified the areas and content to be covered by these guidelines.
- 1.2. These guidelines aim at facilitating activities of colleges in the field of exchange of information on a systematic basis. By developing common practices in this area, the guidelines ensure a consistent approach in deciding upon the scope of information to be exchanged within colleges on a regular basis. These guidelines also aim at enhancing the single market level playing field through a proportionate approach in their practical application.
- 1.3. These guidelines address a particular aspect of supervisory cooperation within colleges, which is addressed in a more general way in the Guidelines on the operational functioning of colleges.
- 1.4. These guidelines are addressed to supervisory authorities within the colleges of EEA groups.
- 1.5. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the Introduction.
- 1.6. The Guidelines shall apply from 1 January 2016.

### **Guideline 1 – Assessment of the scope of the information exchanged on a systematic basis**

- 1.7. When determining whether part of the information to be exchanged on a systematic basis as stated in Article 357 of the Implementing Measures is not needed for the activities of the college, supervisory authorities within the college should consider the following criteria:
  - nature, scale and complexity of the risks of the group and individual related undertakings which are part of the group;
  - the significance of the related undertakings within the group and their materiality in the local market;

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<sup>2</sup> OJ L 331, 15.12.2010, p. 48.

<sup>3</sup> OJ L 335, 17.12.2009, p.1.

- supervisory authorities' specific needs in terms of the supervisory review process at both individual and group level;
- the group supervisor's tasks of planning and coordinating the supervisory activities;
- the avoidance of duplication of tasks and reporting;
- supervisory authorities' limitations to a timely exchange of additional information;
- the existence and relevance of cross-border intra-group transactions that could possibly raise contagion risk within the group.

### **Guideline 2 – Information provided by the other supervisory authorities to the group supervisor**

1.8. When deciding in the coordination arrangements on the scope of information to be exchanged within colleges pursuant to Article 357(2) of the Implementing Measures, the group supervisor and the other supervisory authorities within the college should take into account the information listed in Technical Annex 1, considering criteria provided in Guideline 1.

### **Guideline 3 – Information provided by the group supervisor to the other supervisory authorities**

1.9. When deciding in the coordination arrangements on the scope of information to be exchanged within colleges pursuant to Article 357(3)(a) of the Implementing Measures, the group supervisor and the other supervisory authorities within the college should take into account the information listed in Technical Annex 2, considering criteria provided in Guideline 1.

### **Guideline 4 – Exchange selected data**

1.10. Without prejudice to Article 357 of the Implementing Measures, the group supervisor and the other supervisory authorities within the college should agree on a list of selected data to be exchanged as part of the systematic exchange of information. When deciding in the coordination arrangements on the list of selected data to be exchanged within the college, the group supervisor and the other supervisory authorities should take into account the information listed in Technical Annex 3, considering criteria provided in Guideline 1.

## **Compliance and Reporting Rules**

- 1.11. This document contains Guidelines issued under Article 16 of the EIOPA Regulation. In accordance with Article 16(3) of the EIOPA Regulation, Competent Authorities and financial institutions shall make every effort to comply with guidelines and recommendations.
- 1.12. Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.
- 1.13. Competent authorities shall confirm to EIOPA whether they comply or intend to comply with these Guidelines, with reasons for non-compliance, within two months after the issuance of the translated versions.
- 1.14. In the absence of a response by this deadline, competent authorities will be considered as non-compliant to the reporting and reported as such.

## **Final Provision on Reviews**

- 1.15. The present Guidelines shall be subject to a review by EIOPA.

## 2. Explanatory text

[Note: The aim of an explanatory text is to give further details or concrete applications or examples. Please note that the explanatory text will be included in the consultation paper only and **not in the final Guidelines**.

Considering that the Guideline should be clear and unambiguous, the scope for further explanation should be limited.

The examples aim at showing in practical terms the concrete implementation of the Guidelines or provide reference to other tools and guidelines.

These examples should not introduce further ambiguity as to the content of the Guideline.

The Explanatory Text should only be added for the cases where a Guideline requires further explanations. It may happen that you don't have Explanatory Text or that you have it only for some of the Guidelines].

### **Guideline 1 – Assessment of the scope of the information exchanged on a systematic basis**

When determining whether part of information to be exchanged on a systematic basis as stated in Article 357 of the Implementing Measures is not needed for the activities of the college, supervisory authorities within the college should consider the following criteria:

- nature, scale and complexity of the risks of the group and individual related undertakings which are part of the group;
- the significance of the related undertakings within the group and their materiality in the local market;
- supervisory authorities' specific needs in terms of the supervisory review process at both individual and group level;
- the group supervisor's tasks of planning and coordinating the supervisory activities;
- the avoidance of duplication of tasks and reporting;
- supervisory authorities' limitations to a timely exchange of additional information;
- the existence and relevance of cross-border intra-group transactions that could possibly raise contagion risk within the group.

- 2.1. Supervisory authorities in the college exchange information provided for in Article 357 (2) and (3) of the Implementing Measures, unless they decide that certain parts of this information are not needed for the activities of the college. Annexes 1 and 2 of these guidelines include a list of selected parts of information listed in Article 357 (2) and (3) of the Implementing Measures, which needs to be taken into account by supervisory authorities within the college, when deciding about the scope of information to be exchanged.
- 2.2. Considering the criteria provided in Guideline 1, supervisory authorities may decide that certain items listed in Annexes 1 and 2 at individual and group level are not needed or additional items are needed for the activities of the college. Supervisory authorities within the college can decide upon different parts of information to be exchanged within each of the following flow of information:

- to be provided by the other supervisory authorities to the group supervisor, pursuant to Article 357 (2) of the Implementing Measures;
- to be provided by the group supervisor to the other supervisory authorities, pursuant to Article 357 (3)(a) of the Implementing Measures;
- to be disseminated by the group supervisor to the other supervisory authorities, pursuant to Article 357 (3)(b) of the Implementing Measures.

### **Guideline 2 – Information provided by the other supervisory authorities to the group supervisor**

When deciding in the coordination arrangements on the scope of information to be exchanged within colleges pursuant to Article 357(2) of the Implementing Measures, the group supervisor and the other supervisory authorities within the college should take into account the information listed in Technical Annex 1, considering criteria provided in Guideline 1.

- 2.3. This guideline refers to information which needs to be provided by the other supervisory authorities to the group supervisor in accordance with Article 357(2) of the Implementing Measures. Supervisory authorities within each college are allowed to agree upon a different scope of information to be exchanged depending on the needs of the activities of the college.

### **Guideline 3 – Information provided by the group supervisor to the other supervisory authorities**

When deciding in the coordination arrangements on the scope of information to be exchanged within colleges pursuant to Article 357(3)(a) of the Implementing Measures, the group supervisor and the other supervisory authorities within the college should take into account the information listed in Technical Annex 2, considering criteria provided in Guideline 1.

- 2.4. This guideline refers to information which needs to be provided by the group supervisor to the other supervisory authorities within the college in accordance with Article 357(3)(a) of the Implementing Measures. Supervisory authorities within each college are allowed to agree upon a different scope of information to be exchanged depending on the needs of the activities of the college.
- 2.5. Additionally, supervisory authorities within the college may decide in accordance with Guideline 1 what parts of information regarding each related insurance or reinsurance undertaking falling within the scope of group supervision, referred to in Article 357(2) of the Implementing Measures, should be disseminated by the group supervisor to the other supervisory authorities, in accordance with Article 357(3)(b) of the Implementing Measures.

### **Guideline 4 – Exchange of selected data**

Without prejudice to Article 357 of the Implementing Measures, the group supervisor and the other supervisory authorities within the college should agree on a list of selected data to be exchanged as part of the systematic exchange of information. When deciding in the coordination arrangements on the list of selected data to be exchanged within the college, the group supervisor and the other supervisory authorities should take into account the information listed in Technical Annex 3, considering criteria provided in Guideline 1.

- 2.6. This guideline refers to exchanging on systematic basis information other than selected parts of information referred to Article 357 of the Implementing Measures. Items referred to in Guidelines 2 and 3, as listed in Annexes 1 and 2, are simply extracted from regular supervisory reporting and solvency and financial condition reports. Selected data referred to in this guideline are calculated on the basis of information submitted to supervisory authorities by individual undertakings and groups.

## **Technical Annex 1 - Information provided by the other supervisory authorities to the group supervisor**

1. Material extracted from the solvency and financial condition report of the insurance or reinsurance undertaking, covering the following areas:
  - 1.1. Concerning the business and performance of the undertaking:
    - 1.1.1. name and legal form of the undertaking;
    - 1.1.2. any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking;
  - 1.2. Concerning the system of governance:
    - 1.2.1. any material changes in the system of governance that have taken place over the reporting period;
  - 1.3. Concerning capital management:
    - 1.3.1. indication if the undertaking is using an internal model or a partial internal model for the calculation of its Solvency Capital Requirement;
    - 1.3.2. a description of any item deducted from own funds and a brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking;
    - 1.3.3. the amounts of the undertaking's Solvency Capital Requirement and the Minimum Capital Requirement at the end of the reporting period, accompanied, where applicable, by an indication that the final amount of the Solvency Capital Requirement is still subject to supervisory assessment;
    - 1.3.4. any material change to the Solvency Capital Requirement and to the Minimum Capital Requirement over the reporting period, and the reasons for any such change;
    - 1.3.5. regarding any non-compliance with the undertaking's Minimum Capital Requirement: the period and maximum amount of each non-compliance during the reporting period, an explanation of its origin and consequences, any remedial measures taken, as provided for under Article 51(1)(e)(v) of Solvency II Directive and an explanation of the effects of such remedial measures;
    - 1.3.6. where non-compliance with the undertaking's Minimum Capital Requirement has not been subsequently resolved: the amount of the non-compliance at the reporting date;
    - 1.3.7. regarding any significant non-compliance with the undertaking's Solvency Capital Requirement during the reporting period: the period and maximum amount of each significant non-compliance and, in addition to the explanation of its origin and consequences as well as any remedial measures taken, as provided for under Article 51(1)(e)(v) of Solvency II Directive and an explanation of the effects of such remedial measures;
    - 1.3.8. where a significant non-compliance with the undertaking's Solvency Capital Requirement has not been subsequently resolved: the amount of the non-compliance at the reporting date;
2. Material extracted from the regular supervisory reporting of the undertaking, covering the following areas:

2.1. Summary highlighting any material changes that have occurred in the undertaking's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period, with a concise explanation of the causes and effects of such changes, following Article 304(2) of the Implementing Measures.

2.2. Concerning business and performance:

2.2.1. qualitative and quantitative information regarding relevant operations and transactions within the group including information on:

- the amount of the operations and transactions;
- the amount of outstanding balances, if any;
- relevant terms and conditions of the operations and transactions.

2.3. Concerning risk profile:

2.3.1. with respect to risk concentration, information on the material risk concentrations to which the undertaking is exposed to and an overview of any future risk concentrations anticipated over the business planning time period given the undertaking's business strategy, and how these risk concentrations will be managed.

3. The following quantitative templates:

3.1. S.23.01.b

3.2. S.23.02.b

3.3. S.23.03.b

3.4. S.23.04.b

3.5. S.04.01.b

4. The outcome of the risk assessment framework from the supervisory review process.

## **Technical Annex 2 - Information provided by the group supervisor to the other supervisory authorities**

1. Material extracted from the group solvency and financial condition report, covering the following areas:

1.1. Concerning business and performance:

1.1.1. any significant business or other events that have occurred over the reporting period that have had a material impact on the group;

1.2. Concerning the system of governance:

1.2.1. any material changes in the system of governance that have taken place over the reporting period

1.3. Concerning capital management:

1.3.1. indication if the group is using an internal model or a partial internal model for the calculation of its Solvency Capital Requirement;

1.3.2. information on the objectives, policies and processes employed by the group for managing its own funds and on any material changes over the reporting period;

1.3.3. a description of any item deducted from own funds and a brief description of any significant restriction affecting the availability and transferability of own funds within the group;

1.3.4. the amount of the group's Solvency Capital Requirement at the end of the reporting period, accompanied, where applicable, by an indication that the final amount of the Solvency Capital Requirement is still subject to supervisory assessment;

1.3.5. any material change to the Solvency Capital Requirement over the reporting period, and the reasons for any such change;

1.3.6. regarding any non-compliance with the minimum consolidated group Solvency Capital Requirement during the reporting period: the period and maximum amount of each non-compliance, an explanation of its origin and consequences, any remedial measures taken, as provided for under Article 51(1)(e)(v) of the Solvency II Directive and an explanation of the effects of such remedial measures;

1.3.7. regarding any significant non-compliance with the group Solvency Capital Requirement during the reporting period: the period and maximum amount of each non-compliance, an explanation of its origin and consequences, any remedial measures taken, as provided for under Article 51(1)(e)(v) of the Solvency II Directive and an explanation of the effects of such remedial measures;

1.3.8. where a significant non-compliance with the group Solvency Capital Requirement, has not been subsequently resolved: the amount of the non-compliance at the reporting date;

2. Material extracted from the group regular supervisory reporting, covering the following areas:

2.1. Summary highlighting any material changes that have occurred in the group's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period, with

a concise explanation about the causes and effects of such changes, following Article 304(2) of the Implementing Measures.

2.2. Concerning business and performance:

2.2.1. an analysis of the group's overall underwriting performance during the reporting period;

2.2.2. information on the group's underwriting performance by line of business during the reporting period against projections, and significant factors affecting deviations from these projections;

2.2.3. projections of the group's underwriting performance, with information on significant factors that might affect such underwriting performance, over its business planning time period;

2.2.4. an analysis of the group's overall investment performance during the reporting period and also by relevant asset class;

2.2.5. projections of the group's expected investment performance, with information on significant factors that might affect such investment performance, over its business planning time period;

2.2.6. information on any material income and expenses, other than underwriting or investment income and expenses, over the undertaking's business planning time period;

2.2.7. a description of activities and sources of profits or losses for each material related undertaking within the meaning of Article 256a of Directive 2009/138/EC;

2.2.8. description of the contribution of each subsidiary to the achievement of the group strategy;

2.2.9. qualitative and quantitative information on significant intra-group transactions by insurance and reinsurance undertakings within the group and the amount of the transactions over the reporting period and their outstanding balances at the end of the reporting period; including information on the terms and conditions of the intra-group operations and transactions including information on:

- commercial rationale for the operation or transaction;
- risks borne by, and rewards available to, each party to the operation or transaction;
- any particular aspects of the operation or transaction that are (or may become) disadvantageous to either party;
- any conflicts of interest that may have arisen in negotiating and executing the operation or transaction, and any potential conflicts of interest that may arise in the future;
- if the transaction is linked to other operations or transactions in terms of timing, function and planning, the individual effect of each operation or transaction and the overall net impact of the linked operations and transactions on each party to the operation or transaction and on the group should be reported; and
- extent to which the operation or transaction is depending on a winding-up and circumstances in which the operation or transaction can be unwound.

2.3. Concerning the system of governance:

2.3.1. if obtained approval for Centralised Risk Management, explanation on how the Centralised Risk Management requirements are complied with.

2.4. Concerning risk profile:

2.4.1. with respect to risk concentration, information on the material risk concentrations to which the group is exposed to and an overview of any future risk concentrations anticipated over the business planning time period given the group's business strategy, and how these risk concentrations will be managed. If the group regular supervisory report is submitted less frequently than annually, the group supervisor should provide the other supervisory authorities with the template S.37.01.g.

3. The following quantitative templates:

3.1. S.23.01.g

3.2. S.23.02.g

3.3. S.23.03.g

3.4. S.23.04.g

3.5. S.25.01.g

3.6. S.25.02.g

3.7. S.25.03.g

3.8. S.32.01.g

3.9. S.36.01.g

3.10. S.36.02.g

3.11. S.36.03.g

3.12. S.36.04.g

4. The outcome of the group risk assessment framework from the group supervisory review process.

### Technical Annex 3 - List of selected data

No	Selected data	At individual level	At group level
1	Government bonds	X	X
2	Corporate Bonds – Financial and insurance activities	X	X
3	Corporate Bonds – Non-Financial and insurance activities	X	X
4	Cash & Deposits	X	X
5	Equity	X	X
6	Participations		X
7	Property	X	X
8	Gross written premium life	X	X
9	Gross written premium non-life	X	X
10	Non-life technical provisions	X	X
11	Change in life technical provisions	X	X
12	Investment returns	X	X
13	Net combined ratio	X	X
14	Reinsurance part of premiums	X	X

#### 1) Investments in Government Bonds as a percentage of total investments and cash

This ratio is the percentage of government bonds held by the undertaking or group within the total amount of investments and cash held by the undertaking or group.

The amount of government bonds (the numerator) is divided by the amount of total investments and cash (the denominator). This number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the numerator is calculated by screening the first category of the Complementary Identification Code which corresponds to the category of government bonds.

The denominator corresponds to the sum of the amount listed in the assets category as 'investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

## **2) Investments in Corporate Bonds – Financial and insurance activities as a percentage of total investments and cash**

This ratio is the percentage of financial and insurance related corporate bonds held by the undertaking or group within the total amount of investments and cash held by the undertaking or group.

The amount of financial and insurance related corporate bonds (the numerator) is divided by the amount of total investments and cash (the denominator). This number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the numerator is calculated by screening the second category of the Complementary Identification Code which corresponds to the category of corporate bonds. An additional screening is needed to identify the issuer's economic sector in order to figure out the corporate bonds issued by the companies classified as financial and insurance activities (financial service activities, insurance, reinsurance, pension funding, activities auxiliary to financial services and insurance activities). The issuer's economic sector is identified based on the NACE code (acronym used to designate the various statistical classifications of economic activities developed since 1970 in the European Union).

The denominator corresponds to the sum of the amount listed in the assets category as 'investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

## **3) Investments in Corporate Bonds - Non-Financial and Insurance activities as a percentage of total investments and cash**

This ratio is the percentage of non-financial and insurance related corporate bonds held by the undertaking or group within the total amount of investments and cash held by the undertaking or group.

The amount of non-financial and insurance related corporate bonds (the numerator) is divided by the amount of total investments and cash (the denominator). This number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the numerator is calculated by screening the second category of the Complementary Identification Code which corresponds to the category of corporate bonds. An additional screening is needed to identify the issuer economic sector in order to figure out the corporate bonds issued by the companies classified as other than financial and insurance activities. The issuer economic sector is identified based on the NACE code (acronym used to designate the various statistical classifications of economic activities developed since 1970 in the European Union).

The denominator corresponds to the sum of the amount listed in the assets category as 'investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

#### **4) Cash and Deposits as a percentage of total investments and cash**

This ratio demonstrates what percentage of a group or undertaking's total investments and cash are held in cash and other similarly short term investments that could be considered more liquid than other types of investments.

The amount of cash and deposits (the numerator) is divided by the amount of total investments and cash (the denominator) and this number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive the amount listed in the assets category under 'Cash and Cash Equivalents' is summed with the amount listed in the assets category under 'Deposits other than cash equivalents' and is then divided by the sum of the item listed in the assets category as 'investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

#### **5) Equity investments as a percentage of total investments and cash**

This ratio demonstrates what percentage of a group or undertaking's total investments and cash are held in equity investments (which generally have uncertain income streams).

The amount of equity investments (the numerator) is divided by the amount of total investments and cash (the denominator) and this number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the amount listed in the assets category under 'Equities' is divided by the sum of the item listed in the assets category as 'Investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

#### **6) Participations as a percentage of total investments and cash**

This ratio demonstrates what percentage of a group or undertaking's total investments and cash are held in participations of other undertakings.

The amount of participations (the numerator) is divided by the amount of total investments and cash (the denominator) and this number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the amount listed in the assets category under 'Participations' is divided by the sum of the item listed in the assets category as 'Investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

#### **7) Property as a percentage of total investments and cash**

This ratio demonstrates what percentage of a group or undertaking's total investments and cash are held in property.

The amount of property (the numerator) is divided by the amount of total investments and cash (the denominator) and this number will be a percentage between 0 and 100%.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the amount listed in the assets category under 'Property (other than for own use)' is divided by the sum of the item listed in the assets category as 'Investments' and the amount listed in the assets category under 'Cash and Cash Equivalents' in the balance-sheet.

### **8) Gross written premiums life - percentage change year-to-date**

This ratio demonstrates the year-to-date percentage change of gross written life insurance premiums including index-linked and unit-linked business, health similar to life insurance and life and health reinsurance business.

The amount of total gross life insurance written premiums (incl. index-linked and unit-linked business and health similar to life), life and health reinsurance written premiums of the current year (t) (numerator), is divided by the amount of total gross life insurance written premiums (incl. index-linked and unit-linked business and health similar to life), life and health reinsurance written premiums of the previous year (t-1) (denominator). Then the result is converted into a percentage by deducting 1 and multiplying by 100.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive, the sum of the amounts related to gross written premiums under the various lines of business for life obligations and life reinsurance obligations of the current year (t) is divided by the sum of the amounts related to gross written premiums under the various lines for life obligations and life reinsurance obligations of the previous year (t-1). Then the result is converted into a percentage by deducting 1 and multiplying by 100.

### **9) Gross written premiums non-life - percentage change year-to-date**

This ratio demonstrates the year-to-date percentage change of gross non-life insurance and reinsurance written premiums including direct, proportional and non-proportional reinsurance business accepted.

The amount of total gross non-life insurance written premiums (incl. direct business, proportional and non-proportional reinsurance accepted) for the current year (t) (numerator) is divided by the amount of total gross premiums written non-life insurance (incl. incl. direct business, proportional and non-proportional reinsurance accepted) of the previous year (t-1) (denominator). Then the result is converted into a percentage by deducting 1 and multiplying by 100.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive, the sum of the amounts related to gross written premiums under the various lines of business for non- life obligations and non-life non-proportional reinsurance accepted of the current period (t) is divided by the sum of the amounts related to gross written premiums under the various lines for non-life obligations and non-life non-proportional reinsurance accepted Then the result is converted into a percentage by deducting 1 and multiplying by 100.

## **10) Non-life technical provisions - percentage of gross non-life insurance written premiums**

This ratio measures the amount of non-life technical provisions compared to the amount of gross written premiums non-life insurance and reinsurance.

The sum (numerator) of total non-life technical provisions (excl. health) and total health technical provisions (similar to non-life) is divided by the sum of total gross written premiums non-life (denominator), i.e. the amount of total gross written premiums non-life insurance (incl. direct business, proportional and non-proportional reinsurance accepted).

The ratio shall be calculated on annualised basis, where:

- the numerator is calculated as average of the values at the end of the actual quarter and each of the three preceding quarters;
- the denominator shall reflect the value of a full reporting year or, for quarterly reporting, the sum of the values of the actual quarter and the preceding quarters needed to cover a full year period.

Using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the four quarter average of the sum of total gross non-life technical provisions (excl. health) in the balance-sheet is divided by the sum of the amounts related to gross written premiums under the various lines of business for non-life obligations and non-life non-proportional reinsurance accepted in the relevant template for the period (t), covering the four quarters preceding the current year's reporting date. Then the result is multiplied by 100 to convert the final result into 'percentage' format.

## **11) Change in life technical provisions (incl. health, excl. index-linked and unit-linked business) - % change year-over year**

This ratio measures the change in life technical provisions by comparing the current year's amount of technical provisions with the previous year's gross technical provisions.

The current year's life technical provisions (numerator) is divided by the previous year's life technical provisions (denominator) and then converted into a percentage by deducting 1 and multiplying by 100.

Using the template to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive, the sum of total life technical provisions (excluding health, index-linked and unit-linked,) and total health technical provisions (similar to life business) of the current period (t) in the balance sheet by the sum of total life technical provisions (excluding health, index-linked and unit-linked) and total health technical provisions (similar to life business) in the balance sheet of the previous period (t-1). Subtract 1 from the result and convert the final result into percentage format.

## **12) Investment returns ratio**

This ratio is a measure of assets investment returns compared to the total amount of investments. The ratio can also be used to measure the undertaking's investment returns over time by comparing it to previous versions.

The sum of investment returns (the numerator) is divided by the total investments (other than assets held for index-linked and unit-linked funds) (the denominator).

The numerator, Investment returns, measures the value of all returns on investments other than assets held for index and unit linked funds such as dividends, interests, rent, net gains and losses.

The denominator, Total Investments (other than assets held for index-linked and unit-linked funds), measures the value of all investments other than assets held for index and unit linked funds (property, participations, equities, bonds, investment funds, derivatives, deposits other than cash equivalents, other investments).

The ratio can be calculated on the basis of the template to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive and based on the valuation as described under Article 75 of the Solvency II Directive. The numerator value can be taken from the relevant template that provides information about the investment performance by asset category defined in the Complementary Identification Code as the sum of all dividends, interests, rent and net gains and losses for all asset categories listed in the profitability section.

The denominator value can be taken from the relevant template that represents the value of all investments other than assets held for index-linked and unit-linked funds in the balance sheet.

The ratio shall be calculated on annualised basis, where:

- the numerator shall represent the value of a full reporting year, or, for quarterly reporting the sum of the values of the actual quarter and the preceding quarters needed to cover the full year period;
- the denominator shall be calculated as an average of the values at the end of the actual quarter and each of the three preceding quarters.

### **13) Gross combined Ratio**

This ratio is a measure of the underwriting performance of a non-life insurance or reinsurance undertaking or group. The result is expressed as a percentage and a value below 100% indicates that the company is making underwriting profit while a ratio above 100% means that it is paying out more money in claims and expenses than it is receiving from premiums. The gross combined ratio is comprised of the loss ratio and the expense ratio.

The sum of incurred losses and expenses (the numerator) is divided by the amount of premiums earned (the denominator).

The ratio can be calculated using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive. The value of the numerator can be obtained from the relevant template where non-life undertakings and groups report claims paid under the various lines of business and total Expenses.

The value of the denominator can be obtained from the relevant template where undertakings and groups report gross premiums earned under the various lines of business.

#### **14) Reinsurance Part of Premiums**

The ratio is used to measure the amount of reliance on reinsurance the group or undertaking has.

The amount of premiums ceded to a reinsurer (the numerator) is divided by the total amount of premiums earned (the denominator).

The ratio can be calculated using the templates to be received under the regular supervisory reporting as required by Article 35 of the Solvency II Directive.

The numerator can be computed, annually and quarterly, on the basis of the relevant template where undertakings and groups report the reinsurers' share of premium earned for non-life and for life and the denominator can be computed on the basis of the relevant template where undertakings and groups report the total amount of premiums earned for non-life and for life.

## **Annex I: Impact Assessment**

### **Procedural Issues**

- 4.1. According to Article 15 of the EIOPA regulation, EIOPA conducts analysis of costs and benefits in the policy development process. The analysis of costs and benefits is undertaken according to an Impact Assessment methodology.

### **Problem definition**

- 4.2. According to Article 15 of the EIOPA regulation, EIOPA conducts analysis of costs and benefits in the policy development process. The analysis of costs and benefits is undertaken according to an Impact Assessment methodology.
- 4.3. Pursuant to the Solvency II Directive, supervisory authorities should exchange information within the colleges of supervisors. This obligation is further specified in the Implementing Measures, which request supervisory authorities in colleges to exchange certain information, unless they decide that part of this information is not needed.
- 4.4. Sufficient level of convergence should be ensured as regards the scope of information exchanged on a systematic basis, in order to ensure that supervisory authorities receive information relevant to their needs. At the same time, supervisory authorities should be provided with flexibility necessary to adopt the scope of information exchanged to the needs of particular colleges.
- 4.5. The absence of specific guidelines may lead to an inconsistent approach in deciding upon the scope of information to be exchanged in different colleges. Without the guidelines on this issue, supervisory authorities would need to agree upon the scope of information to be exchange within each college. This would lead to a lack of convergence in the scope of information exchanged, not justified by the needs of particular colleges. There is potential for further harmonisation in this field. Therefore, EIOPA propose the guidelines on systematic exchange of information within colleges.

### **Baseline**

- 4.6. When analysing the impact from proposed policies, the Impact Assessment methodology foresees that a baseline scenario is applied as the basis for comparing policy options. This helps to identify the incremental impact of each policy option considered. The aim of the baseline scenario is to explain how the current situation would evolve without additional regulatory intervention.
- 4.7. The baseline scenario constitutes of the relevant legal provisions regarding the exchange of information within colleges, in particular:
  - Article 249 of the Solvency II Directive, which provides for a general principle of information exchange within colleges of supervisors;
  - Article 357 of the Implementing Measures, which provides for the scope of information to be exchanged on a systematic basis between the supervisory authorities in the college, unless they decide as part of the coordination arrangements that part of it is not needed for the activities of the college.

## **Policy Objective**

4.8. The objective of developing these guidelines is to ensure uniform conditions of application in relation to exchange of information between supervisory authorities.

## **Policy options**

### Key area 1 – the scope of information to be provided by the group supervisor to other supervisory authorities

- Option 1 – no guidelines are issued on the scope of information to be provided by the group supervisor to other supervisory authorities;
- Option 2 – the guidelines provide for a list of selected parts of information to be taken into account when deciding on the scope of information to be exchanged.

### Key area 2 – the scope of information to be provided by the supervisory authorities to the group supervisor

- Option 1 – no guidelines are issued on the scope of information to be provided by the supervisory authorities to the group supervisor;
- Option 2 – the guidelines provide for a list of selected parts of information to be taken into account when deciding on the scope of information to be exchanged.

### Key area 3 – the scope of information provided by the supervisory authorities to the group supervisor to be disseminated to the other supervisory authorities

- Option 1 – the guidelines provide for the scope of information to be disseminated by the group supervisor;
- Option 2 – no guidelines are issued on the scope of information to be disseminated by the group supervisor to other supervisory authorities.

### Key area 4 – other information to be exchanged on a systematic basis within colleges

- Option 1 – the guidelines provide for additional information which may be exchanged within the college;
- Option 2 – the guidelines do not provide for additional information which may be exchanged within the college.

## **Analysis of policy options**

### Analysis of key area 1 – the scope of information to be provided by the group supervisor to other supervisory authorities

4.9. Pursuant to Article 357(3) (a) of the Implementing Measures, the group supervisor shall exchange with the other supervisory authorities within the college on a systematic basis the following information, regarding the participating insurance or reinsurance undertaking, the insurance holding company, or the mixed financial holding company:

- the group solvency and financial condition report (group SFCR);
- the group regular supervisory report (group RSR), as well as relevant group annual and quarterly quantitative templates;

the conclusions drawn by the group supervisor following the supervisory review process carried out at group level.

4.10. The following policy options have been considered:

- Option 1 – no guidelines are issued on the scope of information to be provided by the group supervisor to other supervisory authorities;
- Option 2 – the guidelines provide for a list of selected parts of information to be taken into account when deciding the scope of information to be exchanged.

4.11. In the analysis of the costs and benefits of the above-mentioned options it has been taken into account that Article 357(1) of the Implementing Measures provides flexibility in this regards and allows supervisory authorities within the college to decide that some parts of information mentioned in this article are not needed for the activities of the college.

#### Analysis of key area 2 – the scope of information to be provided by the supervisory authorities to the group supervisor

4.12. Pursuant to Article 357(2) of the Implementing Measures, the other supervisory authorities within the college of supervisors shall exchange with the group supervisor on a systematic basis, for each related insurance or reinsurance undertaking falling within the scope of group supervision, the following information:

- the solvency and financial condition report, unless the group supervisor has agreed under Article 256(2) of the Solvency II Directive to the inclusion of subsidiaries within the group in a single solvency and financial condition report;
- the regular supervisory report, as well as relevant annual and quarterly quantitative templates;
- the conclusions drawn by the supervisory authority concerned following the supervisory review process carried out at the level of the individual undertaking.

4.13. The following policy options have been considered:

- Option 1 – no guidelines are issued on the scope of information to be provided by the supervisory authorities to the group supervisor;
- Option 2 – the guidelines provide for a list of selected parts of information to be taken into account when deciding the scope of information to be exchanged.

4.14. In the analysis of the costs and benefits of the above-mentioned options it has been taken into account that Article 357(1) of the Implementing Measures provides flexibility in this regard and allows supervisory authorities within the college to decide that some parts of information provided thereof are not needed for the activities of the college of supervisors.

#### Analysis of key area 3 – the scope of information provided by the supervisory authorities to the group supervisor to be disseminated to the other supervisory authorities

4.15. The group supervisor shall exchange with the other supervisory authorities within the college on a systematic basis information referred to in Article 357(3) of the Implementing Measures for each related insurance or reinsurance undertaking falling within the scope of group supervision.

4.16. The following policy options have been considered:

- Option 1 – the guidelines provide for the scope of information to be disseminated by the group supervisor;
- Option 2 – no guidelines are issued on the scope of information to be disseminated by the group supervisor to other supervisory authorities.

4.17. In the analysis of the costs and benefits of the above-mentioned options it has been taken into account that Article 357(3)(b) of the Implementing Measures provides flexibility in this regards and allows supervisory authorities within the college to decide that some parts of information provided thereof are not needed for the activities of the college of supervisors.

#### Analysis of key area 4 – other information to be exchanged on a systematic basis within colleges

4.18. The following policy options have been considered:

- Option 1 – the guidelines provide for additional information which may be exchanged within the college;
- Option 2 – the guidelines do not provide for additional information which may be exchanged within the college.

4.19. It was analysed what additional information, apart from those referred to in Article 357 of the Implementing Measures, would be needed for the activities of the colleges. It was taken into account that sufficient flexibility needs to be ensured in this regard.

### **Comparison of options**

#### Key area 1 – the scope of information to be provided by the group supervisor to other supervisory authorities

4.20. Option 1 would not ensure convergence as regards exchange of information on a systematic basis within colleges. Option 2 indicates which parts of group SFCR and group RSR as well as which quantitative templates should be taken into account by supervisory authorities. At the same time it allows supervisory authorities within a college to adapt the scope of information exchanged to their needs.

4.21. On that basis, Option 2 has been chosen.

#### Key area 2 – the scope of information to be provided by the supervisory authorities to the group supervisor

4.22. Option 1 would not ensure convergence as regards exchange of information on a systematic basis within colleges. Option 2 indicates which parts of SFCR and RSR of individual insurance and reinsurance undertakings as well as which quantitative templates should be taken into account by supervisory authorities. At the same time it allows supervisory authorities within a college to adapt the scope of information exchanged to their needs.

4.23. On that basis, Option 2 has been chosen.

Key area 3 – the scope of information provided by the supervisory authorities to the group supervisor to be disseminated to the other supervisory authorities

- 4.24. It was considered that the scope of this flow of information may differ significantly between colleges, taking into account which parts of information will be considered as needed or not needed by supervisory authorities within colleges, as regards individual undertakings that are part of the group. This flow of information would depend very much on individual features of the insurance group and structure of the college. Option 2 provides more flexibility in this regard and serves in a better way the objective of proportionality.
- 4.25. On that basis, Option 2 has been chosen.

Key area 4 – other information to be exchanged on a systematic basis within colleges

- 4.26. It was found that certain selected data would be valuable for group supervisor and other supervisory authorities within colleges. On that basis it was concluded that Option 2 would not serve the purpose of convergence. Option 1 would enhance harmonisation in the field of information exchange. At the same time it is necessary to ensure that supervisory authorities are able to adopt the scope of information exchanged in this area to the nature, scale and complexity of the group as well as to the needs of a particular college.
- 4.27. On that basis, Option 1 has been chosen.