REPORT ON THE USE OF LIMITATIONS AND EXEMPTIONS FROM REPORTING DURING 2018 AND Q1 2019

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REPORT ON THE USE OF LIMITATIONS AND EXEMPTIONS FROM REPORTING DURING 2018 AND Q1 2019

EXECUTIVE SUMMARY

In 2019, 13 national competent authorities (NCAs) — the same number as in 2018 — granted limitations (under Article 35(6) of the Solvency II Directive) to 838 solo undertakings for first-quarterly reporting in 2019 (compared with 791 solo undertakings in the first quarter of 2018 — Q1 2018). Five NCAs (five in 2017) granted limitations and exemptions from reporting using item-by-item templates (under Article 35(7)) to 136 solo undertakings for annual reporting in 2018 (139 in 2017).

Five NCAs (three in 2018) granted limitations for quarterly reporting to 37 groups in Q1 2019 (33 in Q1 2018). Two NCAs (three in 2017) granted limitations and exemptions from reporting on an item-by-item basis for annual reporting to six groups in 2018 (seven groups in 2017).

The limitations and exemptions set out in Article 35 of the Solvency II Directive are a concrete proportionality measure in reporting requirements, but should not be seen as the only proportionality measure.

To evidence how proportionality is implemented in quarterly reporting, reflecting the nature, scale and complexity of the risks inherent to the business, this report uses two examples: look-through reporting of collective investment undertakings (CIUs) for unit-linked contracts and the number of templates reported by companies of different sizes.

EIOPA chose two examples that are different from the examples used in last year's report, to continue to evidence how the proportionality principle is embedded in the Solvency II reporting framework. The examples in last year's report, if applied to 2018 and Q1 2019, would provide similar results to those presented in last year's report. The look-through is reported quarterly for 78% of the investments in CIUs held in unit-linked contracts. In Q1 2019, only 57% of insurance undertakings that held CIUs in unit-linked contracts had to report using the look-through template.[1] In other words, 43% of undertakings that hold CIUs in unit-linked contracts do not have to carry out look-through reporting quarterly and these undertakings have 22% of investments in CIUs in unit-linked contracts.

With regard to the number of templates provided by small, medium-sized or large insurance undertakings, more quarterly information is required from large undertakings, which need to fill in on average nine templates, nearly twice as many templates as small undertakings, which had to fill in five templates on average. In the case of annual reporting, a different picture emerges, with the 10 largest undertakings by total assets having to complete 36 templates as opposed to the 26 templates completed by the 10 smallest undertakings. Overall, this suggests that proportionality is embedded more in quarterly reporting than in annual reporting and therefore additional risk-based thresholds are needed (as to be proposed by EIOPA in the 2020 review).

The market share of undertakings that are allowed limited quarterly reporting is far from the 20% market share allowable under the Solvency II Directive.

1 In total, only 23% of insurance undertakings had to report using template S.06.03, as described in the previous report.

Apart from EIOPA guidelines and the relevant articles of the Solvency II Directive, the majority of NCAs confirmed, that they do not have any formal processes in place for granting authorisation to use limitations or exemptions from reporting and to withdraw such authorisation. In fact, only two NCAs reported changes to the process for granting limitations and/or exemptions from submitting reporting templates as such, both quoting their learning experience with Solvency II.

The majority of NCAs in this survey confirmed that they grant exemptions on a case-by-case basis. However, even if this implies that there are no standardised processes in place, EIOPA identified that some types of approaches are in place, such as considering the undertakings' business models and their complexity.

EIOPA will continue to monitor the use of exemptions and limitations over time and publish the results. The evidence gathered so far is also being used as input to the Solvency II 2020 review, in which additional measures related to the proportionality principle will be proposed in the context of supervisory reporting requirements.

1. BACKGROUND

EIOPA received on 11 February 2019 a call for advice from the European Commission on the review of Directive 2009/138/EC (Solvency II Directive). The call for advice covered a broad variety of topics including supervisory reporting and public disclosure.

The EIOPA proposal contained in the consultation package published on 12 July 2019 suggests proportionate and fit-for-purpose supervisory reporting and public disclosure and considers a detailed revision of quantitative reporting templates (QRTs), including maintaining Article 35 of the Solvency II Directive as currently drafted and complementing it with more risk-based supervisory reporting.

The relevant legal provision currently in place regarding limitations and exemptions to take into account for this advice is Directive 2009/138/EC (Solvency II Directive), in particular Articles 35 and 254 for supervisory reporting and Articles 51, 53 to 56 and 256 for public disclosure.

EIOPA agrees that the proportionality principle should be assessed and revised, but also believes that to ensure a proper and fair revision it is important to fully understand the application of the proportionality principle currently implemented.

Hence, for the purposes of this report, it is important to highlight that the analysis is based on the terminology used in last year's report and takes a holistic approach to considering proportionality in reporting.

The fact that reporting requirements are rule-based means that a closer look at how the rules are defined is needed to ensure that proportionality is embedded in the regulations.

According to Article 35 of the Solvency II Directive, NCAs may limit regular quarterly supervisory reporting (paragraph 6) and limit and exempt certain undertakings from item-by-item reporting (paragraph 7) where the submission of that information would be overly burdensome in relation to the nature, scale and complexity of the undertaking's risks and where the information is reported at least annually. Article 35 permits exemptions for undertakings until a maximum of 20% of the Member State's life, non-life insurance and reinsurance markets respectively. Moreover, Article 35 requires NCAs to prioritise the smallest undertakings for limitations and exemptions.

The limitations and exemptions foreseen in Article 35 are a concrete proportionality measure in reporting requirements, but should not be seen as the only proportionality measure in reporting requirements. The following proportionality measures should also be considered:

- **Embedded proportionality:** the extension of reporting is directly connected to the nature, scale and complexity of the risks inherent to the business. As an example, the types of investments or the lines of business have a direct impact on the type of reporting to be submitted to NCAs.
- **Risk-based thresholds:** the risk profile is the main trigger for proportionality reporting, as a number of thresholds were included in different templates.
- **Limitations:** according to Article 35(6), undertakings can be authorised to submit quarterly reporting information of reduced scope, where this information is reported at least annually. Any template except S.28.01 or S.28.02 can be subject to a limitation with regard to regular reporting (without prejudice to Article 129(4) of the Solvency II Directive as regards the minimum capital requirement (MCR), i.e. at least the template regarding MCR information needs to be submitted quarterly).

- **Exemptions:** according to Article 35(7), undertakings can be exempted from both quarterly and annual reporting only if the reporting templates are reported on an item-by-item basis. A template is subject to a 'reporting exemption' when it is exempted both quarterly and annually on an item-by-item basis.

Under Article 254(2), paragraphs 2 and 3, groups can benefit from limitations or exemptions from reporting only in cases in which all insurance or reinsurance undertakings within the group would benefit from the limitation or exemption. A third-country insurance undertaking should be granted a limitation or exempted from any regular supervisory reporting requirement where the submission of the reporting information would be unduly burdensome in relation to the nature, scale and complexity of the risks inherent to the business of the branch.[2]

The extension of reporting is directly connected to the nature, scale and complexity of the risks inherent to the business.

The departure point for this analysis are the conclusions from the 2018 report. The analysis presented in this report is based on Article 35(6) and (7) and Article 254(2) of the Solvency II Directive, the annual and quarterly use of limitations, and limitations and exemptions across Member States in order to inform stakeholders about their use and also to assess the degree of supervisory convergence and detect and follow up on potential inconsistencies in application.

2. DATA SOURCES

This report is based on information submitted to EIOPA by NCAs via the QRTs and an additional survey. The information is based on the situation at the end of 2018 — covering exemptions from solo and group annual reporting — as well as the first quarter of 2019 — covering limitations on both solo and group quarterly reporting.

EIOPA conducted the survey among national supervisors from the 31 European Economic Area (EEA) members including the EU Member States on the usage of limitations and exemptions and received answers from all.

Quantitative information is obtained from the following reporting templates:

- solvency capital requirement (SCR): from the 'Own funds' template (S.23.01)[3];
- gross written premiums (GWPs): from the 'Premiums, claims and expenses by line of business' template (S.05.01);
- technical provisions (TPs): from the 'Balance sheet' template (S.02.01)
- total assets: from the 'Balance sheet' template (S.02.01).

The reporting information was converted to euros based on European Central Bank (ECB) exchange rates on the relevant dates, when necessary.

3. PROCESS FOR GRANTING LIMITATIONS AND/ OR EXEMPTIONS FROM REPORTING TEMPLATES

INTERNAL POLICIES AND PROCESSES

The majority of NCAs confirmed in this survey that, apart from EIOPA guidelines[4] and the relevant articles of the Solvency II Directive, they do not have any formal processes in place for granting the authorisation to use limitations or exemptions from reporting and to withdraw such authorisation.

This survey also revealed no major changes when compared with the previous study.

In fact, only two NCAs reported changes to the process for granting limitations and/or exemptions from completing reporting templates. In both cases, their learning experience with Solvency II was quoted as the reason. In more detail, the following lessons were learned:

- All the 'basic' templates should be completed, as they are useful in the supervisory review process (SRP);
- Even large undertakings with a (very) good risk profile can be exempted from completing reporting templates. Therefore, there is a positive material

2 Guideline 48 — Proportionality reporting.

3 Limitations cannot be granted for the S.28.01 or S.28.02 MCR templates

4 Such as EIOPA Guidelines on the methods for determining the market shares for reporting

difference in the number of undertakings to which limitations or exemptions were granted.

NCAs do not expect any major changes in this regard in the near future.

The following proactive reasons for this were given:

- Solvency II legislation seems to be sufficiently clear in its third year of operation;
- NCAs have SRPs and Risk Assessment Frameworks (RAFs) in place, which help them to evaluate the need for potential limitations in the reporting requirements;
- Others have published questions and answers (Q&As) to help clarify under which conditions an application for limitations to quarterly reporting may be granted.

AUTOMATIC VERSUS CASE-BY-CASE ASSESSMENT

The majority of NCAs in this survey reported that they grant limitations and exemptions on a case-by-case basis.

Those NCAs that have not granted any limitations or exemptions from reporting also stated that they would apply this approach if limitations or exemptions were needed.

As regards Q1 2019, a total of 13 NCAs granted limitations (see Section IV, 'Quantitative update', in this report for more details) for solo undertakings. Of these, eight NCAs reported using a case-by-case approach and only one reported using an automatic approach encompassing all affected undertakings. Four NCAs did not report this information.

With regard to annual exemptions for solo undertakings, all but one of the five NCAs reported granting limitations and exemptions using a case-by-case approach.

For group exemptions, only one NCA of the five that granted limitations from quarterly reporting reported using an automatic approach.

Annual limitations and exemptions for groups on the other hand were reported to be entirely based on a case-by-case approach.

Overall, no changes in the assessment since last year's survey can be reported.

Indeed, NCAs do not find the case-by-case approach too burdensome. In fact, even if there are no standardised processes, some types of approaches seem to be in place such as defining each year for each undertaking whether or not a limitation or exemption is to be granted in the following year. In this regard, NCAs mostly take into account undertakings' business models and their complexity. However, the assessment is also based on, for example, balance sheet data thresholds for life or non-life insurance undertakings or technical provision thresholds for reinsurance undertakings.

Obviously, NCAs that have formal policies in place also follow consistent criteria when granting exemptions or limitations, considering individual specificities for all undertakings concerned.

DOMESTIC AND CROSS-BORDER GROUPS

As in the previous report, most NCAs did not receive any requests for limitations or exemptions from solo undertakings belonging to cross-border groups.

However, for cases in which NCAs plan to grant limitations or exemptions from reporting to an individual undertaking that is part of a cross-border group or to a cross-border group itself various processes have been established:

- Thresholds can be defined for peripheral areas that do not actually affect the undertakings' SCR, so that they can be reported in less detail;
- Reporting can also be made more straightforward for insurance groups. Solo undertakings within a group accounting for a negligible proportion of the entire group could, for example, be included in the group report via, for instance, roll-over methods, or even be omitted entirely to make the group reporting process considerably simpler and more efficient;
- The volatility of TPs or any changes in the group structure can be considered as first indicators to assess whether or not an undertaking has to submit specific QRTs;
- Risk-based thresholds can be enhanced to make them more efficient and to increase simplification if the information requested is not material for the undertakings.

4. QUANTITATIVE UPDATE

At solo level, quantitative reporting in principle includes 68 annual reporting templates and 12 quarterly templates.

At group level, there is a total of 47 annual reporting templates and eight quarterly templates.

A total of 2819 solo undertakings and 360 groups are supervised.

QUARTERLY LIMITATIONS FOR SOLO UNDERTAKINGS

Compared with the previous year, the same 13 NCAs granted limitations to 838 solo undertakings for first quarterly reporting in 2019 (791 solo undertakings in the first quarter of 2018) (Table 1.1 and Figure 1.1), showing a slight increase in the numbers provided compared with Q1 2018.

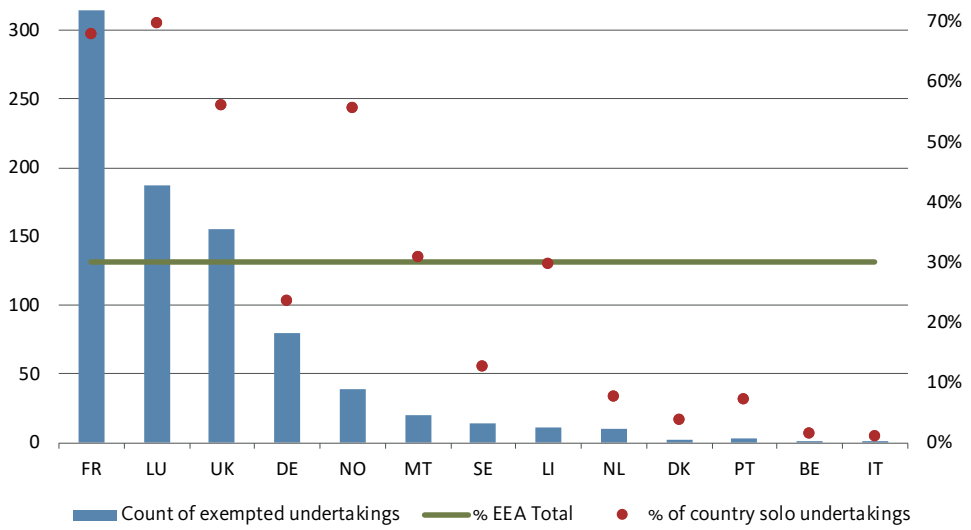
In addition, some quarterly reporting is subject to risk-based thresholds, as also outlined in last year's report.

Table 1.1 Summary of limitations to quarterly reporting for solo undertakings in Q1 2019[5]

COUNTRY NAME	Number of under-takings	Proportion of total number of undertakings (%)	Limitation Total assets (%)	Limitation SCR (%)	Limitation Non-life GWP (%)	Limitation Life TP (%)
Total for EEA, including EU	838	29.8	3.9	5.7	6.5	3.4
France	315	67.9	6.6	10.4	17.8	5.6
Luxembourg	187	69.7	6.5	35.45	19.4	0.2
United Kingdom	155	56.2	5.9	7.7	6.8	5.7
Germany	80	23.7	3.4	4.3	3.9	3.1
Norway	39	55.7	1.4	7.9	5.6	0
Malta	20	30.8	4.5	9.3	5.9	-0.1 (*)
Sweden	14	10.4	0.2	0.6	0.7	0
Liechtenstein	11	29.7	8.4	22.8	5.1	4.3
Netherlands	10	7.6	0.1	0.4	0.2	0
Portugal	3	7.3	0.1	0.3	0.4	0
Denmark	2	3.8	1.4	5	23.7	0.3
Italy	1	1	0	0	0.2	0
Belgium	1	1.5	0.3	0.5	0	0.3

(*) https://eiopa.europa.eu/

Figure 1.1 Summary of limitations to quarterly reporting for solo undertakings in Q1 2019



5 This table shows the number of all exemptions granted. For LI, for example, 2 of the 11 undertakings reported despite the exemption.

Looking at the percentage of limitations granted for quarterly reporting at country level in Q1 2019, a different picture emerges. Table 1.2 shows, depending on the weighted share by total assets, how many of the undertakings with at least one template exempted have a limitation for this specific template.

Indeed, in some countries, a limitation means that all templates are exempted. This is the case if 100% is shown in Table 1.2.

In other countries, granting limitations is based on each undertaking individually on a template-by-template basis.

Interestingly, not all undertakings with limitations have the same templates exempted; rather, the templates exempted vary from undertaking to undertaking indicating, once more, a risk-based approach being taken.

Table 1.2 Overview of reporting templates most subject to limitations for solo undertakings in quarterly reporting

	Number of undertakings with limitations	Balance sheet	Premiums, claims and expenses by line of business	List of assets	CIU	Open derivatives	Derivatives Transaction	Life and health SLT TP	Non-life TP	Own funds
Belgium	1	0%	0%	0%	100%	0%	0%	0%	0%	0%
Germany	80	100%	100%	100%	100%	100%	100%	100%	100%	0%
Denmark	2	0%	24%	100%	100%	24%	24%	24%	24%	24%
France	315	58%	58%	50%	85%	52%	52%	56%	47%	57%
Italy	1	100%	100%	100%	100%	0%	0%	0%	100%	100%
Liechtenstein	11	0%	78%	100%	55%	32%	32%	34%	52%	0%
Luxembourg	187	100%	100%	100%	100%	100%	100%	100%	100%	100%
Malta	20	94%	100%	94%	42%	42%	42%	29%	70%	78%
Netherlands	10	100%	100%	100%	100%	100%	100%	100%	100%	100%
Norway	39	0%	0%	100%	100%	100%	100%	0%	0%	0%
Portugal	3	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sweden	14	94%	94%	100%	55%	49%	49%	49%	88%	100%
United Kingdom	155	86%	87%	87%	99%	63%	63%	79%	16%	86%
Grand Total	838	70%	75%	72%	91%	63%	63%	71%	44%	59%

5. PROPORTIONALITY PRINCIPLE IN QUARTERLY REPORTING

The scope of reporting also depends in part on the type of business the undertaking conducts.

As stated above, the limitations and exemptions under Article 35 are only one of the concrete proportionality measures applicable in reporting requirements.

To evidence how proportionality is implemented in quarterly reporting, two examples are described: the look-through reporting of CIUs for unit-linked contracts and the number of templates used by different sized companies. EIOPA chose two examples that are different from the examples used in last year's report, to evidence how the Solvency II reporting framework has a proportionality principle embedded. The examples in last year's report, if applied to 2018 and Q1 2019, would provide similar results to those presented in last year's report.

LOOK-THROUGH REPORTING OF CIUs IN UNIT-LINKED CONTRACTS IN Q1 2019

Look-through reporting is carried out by 57% of the undertakings that hold CIUs in unit-linked contracts, which corresponds to 78% of the investments in CIUs held in unit-linked and index-linked contracts (Table 1.3).[6]

This means that 43% of the undertakings that hold CIUs in unit-linked and index-linked contracts do not need to carry out look-through reporting on a quarterly basis. These undertakings have 22% of investments in CIUs in unit-linked contracts.

This analysis shows that proportionality is implemented through risk-based thresholds and the limitations

6 Quarterly information on look-through shall only be reported when the ratio of CIUs held by the undertaking to total investments, measured as the ratio between item C0010/R0180 of template S.02.01 plus CIUs included in item C0010/R0220 of template S.02.01 plus CIUs included in item C0010/R0090 and the sum of item C0010/R0070 and C0010/RC0220 of template S.02.01, is higher than 30%. This means that the template needs to be reported only if the CIUs are above the threshold of 30% of the total investment.

described in this report reflecting the nature, scale and complexity of the risks inherent to the business.

Table 1.3 — Look-through reporting of CIUs held in unit-linked contracts in Q1 2019

Look-through reporting in Q1 2019	Percentage by Solvency II value of investments	Percentage by number of undertakings
Reported	78%	57%
Not reported due to threshold	14%	21%
Not reported with exemption	8%	22%

NUMBER OF TEMPLATES

Information on the average number of templates provided by small, medium-sized or large insurance undertakings is shown in Table 1.4.

More quarterly information is required from large undertakings than from smaller ones, as shown in the Table 1.4.

In total, in Q1 2019, large undertakings had to fill in on average nine templates and were hence required to fill in nearly twice as many templates as small insurance undertakings in this quarter. In total, small undertakings had to fill in only five templates on average.

However, looking at annual reporting, a different picture emerges. At year-end 2018, the 10 largest undertakings by total assets had to fill in on average 36 templates, while the 10 smallest undertakings had to complete 26 templates.

Furthermore, the vast majority of undertakings needed to complete on average 33 templates.

Overall, this suggests that proportionality is implemented more in quarterly reporting than in annual reporting and therefore additional risk-based thresholds are needed (as to be proposed by EIOPA in the 2020 review).

The number of reported templates do not take into account the complexity of the business. For smaller undertakings, for example, with very limited lines of business or only domestic business, the level of complexity of some templates is much lower than for undertakings with broader business structures (e.g. template S.19.01 is counted as one template and no consideration is given to number of lines of business or currencies; if this was to be considered it would increase the gap in the number of templates).

Table 1.4 Average number of templates provided by undertakings

	Q1 2019	Annual 2018
Large (10% largest by total assets)	9.3	36.2
Rest (80%, middle-sized by total assets)	6.75	33.3
Small (10% smallest by total assets)	5	26.8

ANNUAL LIMITATIONS AND EXEMPTIONS FOR SOLO UNDERTAKINGS

Five NCAs (five in 2017) granted limitations and exemptions from reporting using item-by-item templates to 136 solo undertakings for 2018 (133 in 2017) (Table 1.5), showing a slight increase in numbers compared with 2017.

Table 1.5 also shows the sum of total assets, the SCR, non-life GWP and life TP over all EEA including EU Member States and individual countries.

Table 1.5 Summary of annual limitations and exemptions for solo undertakings in 2018

COUNTRY	Number of undertakings	Proportion of total number of undertakings (%)	Limitation and exemption Total assets (%)	Limitation and exemption SCR (%)	Limitation and exemption Non-life GWP (%)	Limitation and exemption Life TP
Total for EEA, including EU	136	4.8	1.2	1.7	1.2	1
Germany	69	20.4	2.8	3.6	4.4	2.6
Norway	41	59	2.2	9.8	15.9	0.1
United Kingdom	10	3.6	0	0.2	0.3	0
Liechtenstein	11	29.7	9.9	22.2	3.2	6.1
Denmark	5	3.8	0	0.1	0.2	0

For some undertakings, some templates are not applicable (e.g. derivatives) and hence no limitations and exemptions may be granted in these cases. Table 1.6 shows the share by total assets of the exempted template of all exempted undertakings.

Table 1.6 Overview of countries with limitations to and exemptions from annual reporting for solo undertakings in 2018

	Number of undertakings with limitations and exemptions	List of assets	S.06.03_CIUs	S.07.01_Structured products	S.08.01_Open derivatives	S.08.02_Derivatives Transactions	S.10.01_Securities lending and repos	S.11.01_Assets held as collateral
Germany	69	0%	0%	100%	100%	100%	0%	100%
Denmark	5	100%	0%	0%	0%	0%	0%	0%
Liechtenstein	11	74%	18%	0%	37%	37%	0%	0%
Norway	41	100%	100%	0%	100%	100%	0%	100%
United Kingdom	10	0%	98%	98%	98%	98%	98%	98%

QUARTERLY LIMITATIONS FOR GROUPS

Five NCAs (three in quarterly 2018) granted limitations to reporting for 37 groups in Q1 2019 (33 in Q1 2018) (Table 1.7).

Table 1.7 Summary of quarterly limitations for groups in 2019

COUNTRY NAME	Number of groups	% limitations for groups
Total for EEA, incl. EU	37	10.3
France	1	3
Germany	6	12
Luxembourg	2	23
Denmark	1	6
United Kingdom	27	41

ANNUAL LIMITATIONS AND EXEMPTIONS FOR GROUPS

Two NCAs (three in 2017) granted limitations and exemptions from reporting for six groups in 2018 (seven groups in 2017) (Table 1.8).

Table 1.8 — Summary of annual limitations and exemptions for groups in 2018

COUNTRY NAME	Number of groups	% limitation and exemptions for groups
Total for EEA, incl. EU	6	2
Denmark	1	6
Germany	5	10

CONCLUSION

As outlined in this report, the limitations and exemptions foreseen in Article 35 are a concrete proportionality measure, but embedded proportionality and risk-based thresholds should also be considered in the context of the proportionality principle.

The same NCAs granted limitations to 47 more solo undertakings for first quarterly reporting than in the first quarter of 2018 and two more NCAs granted four more limitations and exemptions for 2018.

In addition, large undertakings need to fill in nearly twice as many reporting templates for quarterly reporting and 10 more for annual reporting than small undertakings.

The analysis of the number of reporting templates completed shows that additional risk-based thresholds are needed (as is to be proposed by EIOPA in the 2020 review).

It is important to note that, after three full years of Solvency II implementation, with all reporting systems in place, some undertakings, even if allowed not to report, prefer to continue doing so.

On the other hand, many undertakings that could be eligible for limitations and exemptions do not make use of this possibility. This observed reluctance is also because the limitations and exemptions that NCAs can grant are usually only for 1 year.

Although the proportionality principle is in place, the fact that limitations/exemptions may be withdrawn at the end of 1 year creates uncertainty and instability for undertakings.

PROCESS FOR GRANTING LIMITATIONS REGARDING THE REPORTING OF CREDIT RATING INFORMATION

This section focuses on exemptions from reporting credit rating information.

The survey performed among NCAs confirmed that there had been no changes to the processes on formal policies for granting limitations from reporting external credit assessment institutions (ECAIs), as simply the majority of NCAs stated that they do not grant limitations to reporting credit rating information. For the time being, there are hence no applications from market participants to benefit from the possibilities to submit a reduced scope of reporting.

Since the majority considers credit rating information an important information under the Solvency II Directive, it makes sense that only a few limitations for credit rating information were granted.

Generally, undertakings that report on an item-by-item basis have to report to ECAIs and appropriate licences and processes for doing so seem to be in place.

The granting of limitations or exemptions for the reporting of credit rating information is not considered a priority for a variety of reasons:

- the high reporting standards that should be kept under the Solvency II Directive;
- the comparatively small market share in question (ensuring ad hoc transparency);
- the marginal additional effort and cost for undertakings (reported data are needed for management control anyway);
- the continuity of supervisory reporting data (the avoidance of incomplete time series).

However, based on Q1 2019 data provided to EIOPA, a different picture emerges that provides some interesting findings, although these need to be interpreted with caution, as the option as shown has been provided for the first time in Q1 2019 (Table 1.9).

The Table 1.9 below shows that 3%[7] are exempted to report credit rating information based on the use of outsourcing.

Table 1.9 Overview of exemptions for assets and derivatives based on Q1 2019 regarding credit rating information

Exempted for assets (based on Article 35(6) and (7))	7%
Exempted for assets (based on outsourcing)	1%
Exempted for assets and derivatives (based on Article 35(6) and (7))	8%
Exempted for assets and derivatives (based on outsourcing)	2%
Exempted for derivatives (based on Article 35(6) and (7))	0%
Exempted for derivatives (based on outsourcing)	0%
Not exempted	82%

If applied, the limitations from reporting on credit rating information are decided on, by the majority of NCAs, on an undertaking-by-undertaking basis (10 cases in our survey). In five cases, it was decided on a consistent basis for all affected undertakings. One NCA clearly states to carry out the analysis on the basis of the communication received, following consistent criteria for all undertakings and/or by considering individual specificities.

7 1% exempted for assets based on outsourcing plus 2% exempted for assets and derivatives based on outsourcing.

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