EIOPA-BoS-19-582
18 December 2019

Consultation Paper

on

proposals for Solvency II 2020 Review.

Review of technical implementation means for the package on Solvency 2 Supervisory Reporting and Public Disclosure

Responding to this paper

EIOPA welcomes comments on the Consultation Package on Solvency II 2020 Review for Supervisory Reporting and Public Disclosure.

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 submit your comments to EIOPA by 20 of April 2020 responding to the questions in the survey provided at the following link:

[Link to EU Survey]

Contributions not provided using the survey or submitted after the deadline will not be considered.

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.[1]

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Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published.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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[1] Public Access to Documents (See link:
https://eiopa.europa.eu/Pages/SearchResults.aspx?k=filename:Public-Access-(EIOPA-MB-11-051).pdf).

Consultation Paper Overview & Next Steps

Context

1. EIOPA received on 11 February 2019 the Call for Advice of the European Commission on the review of Directive 2009/138/EC2 (Solvency II).[3] The Call for Advice covers a broad variety of topics, including all topics that EIOPA has already started to work on, such as supervisory reporting and public disclosure.

2. EIOPA will respond to the Call for Advice in the form of an EIOPA Opinion – the Solvency II Opinion – which will also include a holistic impact assessment. The Solvency II Opinion will be published for consultation in Q4 2019.

3. EIOPA decided to integrate in the 2020 review in addition to wave 1 and wave 2 (also) the technical implementation means into the Solvency II 2020 review package, to ensure that it covers the entire reporting processes. However, the means of implementation (DPM and XBRL) are not addressed within the legal framework, i.e. are not mandated by the legal acts where only "digital format" is required for reporting and disclosure. The EIOPA technical means are normally addressed mainly via EIOPA's BoS decisions and the regular publication of technical artefacts and documents (Annotated templates, XBRL taxonomy, governance, etc.).

4. However, during this consultation process EIOPA will consider if for the narrative reports, i.e. the SFCR and RSR, more details on the type of digital format should be reflected in the legislation (level 2) or the EIOPA Guidelines on reporting and public disclosure".

5. The review of the technical means for the supervisory reporting are thought in particular for Solvency 2 but in order to keep the current harmonisation (single dictionary, taxonomy, etc.) any review will also be applied by analogy to the EIOPA Pension Funds.

6. EIOPA aims to improve the efficiency and effectiveness of the reporting and disclosure framework, thereby reducing the costs associated to the processes. In this context, EIOPA proposals in this technical area contribute further to the proportionality and cost efficiency the framework.

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[2] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), OJ L 335, 17.12.2009, p. 1.
[3] See here the Request to EIOPA for Technical advice on the Review of the Solvency II Directive.

Extract from the Call for Advice

3.15. Reporting and disclosure

EIOPA is asked to assess, taking into account stakeholders' feedback to the Commission public consultation on fitness check on supervisory reporting: the ongoing appropriateness of the requirements related to reporting and disclosure, in light of supervisors' and other stakeholders' experience; whether the volume, frequency and deadlines of supervisory reporting and public disclosure are appropriate and proportionate, and whether the existing exemption requirements are sufficient to ensure proportionate application to small undertakings.

Scope

7. This document aims to review the technical means in particular within the scope of:

   - The BoS governance process for XBRL taxonomies development and publication;

   - The business and technical validations, including its definition and documentation, its deactivation process and its tolerance mechanism;

   - Taxonomy architecture, EIOPA's taxonomy tooling and its deliverables;

   - The improvement of the accessibility and reachability of the public disclosure data. Including its standardisation as machine readable and promoting the accessibility/reachability of the reports.

8. This part of the work should also be subject to specialised consultation. In this regard, the details of the technical proposals included in this document will be subject to further consultation, including "meet-the-market" events at a later stage.

Relevant legal and technical provisions

9. The legal provision in place to take into account for this consultation are:

   - 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;

   - Commission Delegated Regulation (EU) 2015/35, in particular Chapter XII of Title I and Chapter V of Title II for public disclosure and Chapter XIII of Title I and Chapter VI of Title II for regular supervisory reporting;

- Commission Implementing Regulation 2015/2450 (EU) and following amendments (2016/1868; 2017/2189; 2018/1844)

- Commission Implementing Regulation 2015/2452 (EU) and following amendments and (2017/2190; 2018/1842)

10. Under the other relevant regulatory framework the following needs to be considered:

- EIOPA Guidelines on Reporting and Disclosure;

- EIOPA Guidelines on Financial Stability Reporting;

- EIOPA Guidelines on supervision of Third Countries Branches;

- Regulation (EU) No 1374/2014 of the European Central Bank of 28 November 2014 on statistical reporting requirements for insurance corporations (ECB/2014/50).

- Guideline (EU) 2016/450 of the European Central Bank of 4 December 2015 amending Guideline ECB/2014/15 on monetary and financial statistics (ECB/2015/44).

11. Under Technical documents background all documents related with the EIOPA taxonomy in general and available [here](#) are relevant and in particular:

    o The Governance of Taxonomy Releases

    o The DPM Dictionary and Annotated Templates

    o The XBRL Taxonomy

    o The XBRL filing rules

    o The DPM database

    o The List of validations and the List of known issues

    o The validation syntax

Stakeholders feedback

12. Specific points discussed in this document have been raised by stakeholders during the regular dialogue and as part of the Call for Input performed by EIOPA.

13. Some of their concerns with regards to the technical implementation means of the regulatory reporting relating to the taxonomy governance process and implementation of/modification to validation rules are are listed below.

- The EIOPA's Public Working Document (PWD) should be published a bit earlier, e.g. in April, if possible;
- It would be beneficial, keeping the length of the PWD public consultation (i.e. 1 month), to publish the final taxonomy earlier (i.e. in June at the latest and before the summer holiday period);

- Having access to the content of the draft PWD as early as possible and before the public consultation starts;
- Removal of the corrective releases and the formalisation process for hot fix releases. However, the hotfixes should be programmed for earlier so that they would not fall in the middle of fast close and / or production processes;
- The several hundreds of validations, operating both within and between the templates, that all have to be fulfilled before the report can be submitted generate costs;
- The validations can be useful to detect errors in the reporting, but they are problematic for several reasons. For example, the fact they are very sensitive to rounding is especially problematic for cross validations between different templates. A lot of unnecessary work could be avoided, without affecting the quality of the reporting, if validations could accept some deviations, for example a 10 Euro limit. This would eliminate the need for small adjustments that often lead to other, additional adjustments elsewhere;
- Regular updates to the Solvency II taxonomy and associated validations require significant effort to implement;
- Validations are often subsequently withdrawn where the industry points out errors or inconsistencies;
- Further improvements can be achieved if plausibility checks are included;
- The best way to improve data quality is to add consistency checks within a report and between reports. Moreover, checks between different reporting periods could be added;
- Include additional validations by NCAs in the EIOPA XBRL taxonomy in order to speed up the validation process for undertakings. To ensure the necessary quality of data, the recipients of the templates apply validation rules. As well as NCAs, recipients include EIOPA, ECB and national banks, e.g. We advocate a comprehensive single validation process to include requirements of national central banks;
- To ensure that EIOPA Taxonomy validations and Filing Rules are not modified at national level;
- There is no uniform approach on how to deal with non-blocking validations when non-blocking anomalies are detected. One possible solution could be for example to have a harmonized EU-wide approach;
- Since systems are now already set, the taxonomy should remain the same, while thresholds for submission could be re-thought in order to be more efficient and increase simplification, if the requested information are not material for the undertakings and the costs related to this disclosure exceed the benefit even for NSAs;
- Subsequent to submission of data, challenges arise in view of questions or resubmission requests by the supervisory authority. For example, if a resubmission of a report is requested after a new version of the XBRL taxonomy is implemented but the report has been submitted using the previous version, the undertaking has to restore the older version or has to

maintain both versions in order to comply with the request. Both alternatives are cumbersome and create additional complexity and effort;

- Adding more and more validations could not ensure that the data submitted is fully correct. Undertakings rely on different sources of information when populating the QRTs; if the information provided by those sources is not correct, undertakings do not have any means to identify the errors and mistakes;

- In the short term, members consider that the integration of internal reporting systems to that which creates the XBRL file is likely to be the focus. There is some reluctance to changing complex processes, which have been proven to work effectively over the past few years. In the long term, members recognise that it may be possible for direct data feeds to the local regulator, similar to the approach that HMRC in the UK is beginning to use for tax related information;

- T4U was a useful instrument to check data in xbrl files. An xbrl converter provided by EIOPA would be useful. An even faster delivery of the QRTs is not possible;

- Greater use of ICT would be helpful in view of the feedback or resubmission requests regarding submitted reports. Currently, feedback on the narrative reports is often received by post and questions on the QRT are received by email. This can be burdensome as the feedback or question is not directly linked to the data concerned;

- Cost advantage could be achieved if data which have to be submitted to different recipients would only be uploaded once and were then centrally validated and subsequently distributed to the recipients. This also applies in cases where the same information has to be reported by several undertakings. For EXAMPLE, the data for look-through of investment funds, which have to be reported in S.06.03, could be centrally provided by the fund managers instead of being reported separately by each insurance company which invests in the funds. The current procedure is highly inefficient especially for mutual funds which are open to the public;

- The main problem is that the feedback given by the local authorities after the upload of XBRL files is very difficult to read and to analyse. Possible improvements could be: The feedback should show the rows/columns where the error occurs; there should be a more clear description of the validation errors.

Governance process for XBRL Taxonomies development and publication

14. The current EIOPA BoS Governance of Taxonomies defines the processes and schedule of the taxonomy releases (including validations). The taxonomy governance has proven to be very useful providing a clear calendar of taxonomy updates to all the stakeholders, helping them to plan the activities

and resources. There are however certain aspects which could be further improved.

Delivery of two PWDs, one attached to the Business Public Consultation and other following the final business requirements agreed after the Public Consultation

15. The experience shows that the feedback received for the current Taxonomy PWD (1 June-30 June) frequently goes beyond the purely technical level often spotting issues or improvements in the business package itself. However the business package should have been reviewed before, during the Public Consultation of ITS amendments. Sometimes these business feedback is significant and may be too late to incorporate them in the final draft ITS submitted to COM.

16. On the other side, as the changes after the public consultation can only be made public after BoS approval, when the PWD is published on 1 June the changes coming from the public consultation are not reflected and they are only incorporated in the final taxonomy version in July without a proper technical public review.

17. In order to avoid this two issues EIOPA suggest running two Taxonomy PWDs processes. One attached to the business public consultation, and other, once the outcomes of the public consultation are decided and covering only the technical implementation.

18. The inclusion of this second PWDs should reduce the risk of identifying business changes in the taxonomy PWD2 that lead to business changes being implemented directly in the final taxonomy. At same time it would leave to the taxonomy users (NCAs and undertakings) the freedom to participate or not the testing/implementation of either PWD processes.

19. Alternatively the process would remain as today but with an anticipation of the publication for 1 June.

> a) Question: Are you in favour of the idea of running two subsequent taxonomy PWD processes: PWD1 attached to the business public consultation to facilitate the business review, and later the taxonomy PWD2 when the original business public consultation outcomes (final amendments) are approved? Otherwise could you explain your reasons and/or other improvements on this processes?

Increase the taxonomy preparation time and applying a step-by-step approach on validations. Delivery of final version of Taxonomy by 1 June including all reporting templates/instructions (without validations) and by 15 July delivering the validations package

20. EIOPA has received feedback that anticipating the publication of the yearly taxonomy (increasing the preparation time) would be beneficial. EIOPA believes that currently, after the first years of implementation, the timeline of legislative changes that could originate ITS amendments are random and depend on many factors external to EIOPA. Therefore, as the release of the taxonomy is fixed EIOPA believes it is possible to start the ITS legislative amendments before and be able to publish the final taxonomy by 1 June (6 weeks before the current timeline of 15 July).

21. Additionally EIOPA would like to highlight that during the taxonomy production process, two tracks are run in parallel and have impact on each other:

- the amendments to the reporting templates and business instructions, and

- correcting existing and adding new validations.

22. This results in potential inconsistencies between one and the other due to the increase of the risk of having mistakes in the implementation of new validations while the templates are being also updated (where last minutes change in templates require last minute change in validations).

23. Therefore EIOPA believes that a step-by-step approach would be the best to increase preparation time and to reduce the likelihood of errors on validations. With this approach the final version of taxonomy with the tables is delivered first (1 June) and then, at the later stage (e.g. after 6 weeks) EIOPA publishes the validations package (15 July). This should increase the quality of the validations reducing the number of deactivations or potential corrections in subsequent releases (November correction of non-working validations – see next section).

b) Question: Are you in favour of a step-by-step approach for the taxonomy final release, where the first final version of the taxonomy is published earlier than today but doesn't include the validations, which are added at a later stage? Otherwise please explain your reasons

Correcting non-working validations by 1 November. Understanding the real feedback timelines of the feedback received by EIOPA.

24. Experience shows that during the PWD taxonomy review period, majority of the useful feedback is provided by a relatively small number of sources (around 5 undertakings, 15 software providers and a few NCAs). After this period, it is typically between September and November, when a second and larger wave of testing is being performed, when relevant issues are detected and

communicated to EIOPA. In particular the related to non-working validations is typically arriving at this stage.

25. Therefore, it seemed reasonable to correct the non-working validations in an early November light hot-fix release to ensure proper implementation of data quality checks, and therefore reducing the number of (late) resubmissions requested by NCAs.

26. This light hotfix update of the adaptive release by November 1st was actually delivered by EIOPA in the past few years. It is considered to have a minor impact on reporting systems as consist only in the fixing of the non-working validations, maintaining the core taxonomy unchanged. Technically such hotfix is "XBRL instance backwards compatible" which means that incorrect filings are detected more efficiently (therefore requests for resubmission due to data quality are reduced) while the proper fillings created based on the final (July) version of the taxonomy are still fully valid according to the hotfix version.

27. This November 1st fixing of non-working validations and the potential delivery of hotfixes in general are not fully defined in the current taxonomy governance process.

> c) Question: Have you experienced any issues in the current process with November fixing of non-working validations and do you think that it should be formalised in the governance? If so please detail the reasons.

Remove the corrective release from the current process as is not being used in practice

28. The taxonomy governance defines two cases for releases, the adaptive releases to be applied from Q4/annual reporting, and the corrective releases, to be applied by Q2. So far, since the approval of the taxonomy governance in January 2016, only the option of adaptive releases was used and no corrective releases were delivered[4]. Therefore EIOPA proposes to eliminate the corrective release from the governance document.

Identical governance process applicable to pension funds reporting and the ECB add-ons.

29. Although this governance process currently covers explicitly only the Solvency II reporting requirements, it is being applied by analogy to other EIOPA XBRL-based supervisory reporting requirements i.e. Pension Funds reporting and the ECB add-ons.

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[4] Although this governance process currently covers explicitly only the Solvency II reporting requirements, is being applied by analogy to other EIOPA XBRL-based supervisory reporting requirements i.e. pension funds reporting and the ECB add-ons.

> d) Question: Do you agree that the same taxonomy governance process shall apply to the Pension Funds reporting and the ECB add-ons requirements?

Summary

On the basis of the above points the reviewed EIOPA taxonomy governance process may be modified as follows - updating the processes in order to accommodate two PWDs with the below timelines:

- Relevant WG discussion of amendments April to September followed by approval process at PSC and BoS (with earlier preparatory work).

- By mid September - internal EIOPA delivery of business amendments for consultation (assumes that the following are finalised: relevant business material approved by BoS, DPM Annotated Templates and DPM Dictionary).

- By end-September – publication of the business consultation on amendments and the taxonomy PWD1 (the taxonomy without validations).

- Consultation in October-November (8 weeks). For regular amendments 8 weeks has been the standard considering proportionality principle but in case of material amendments a 12 weeks period need to be considered with previous deadlines being adjusted accordingly.

- By mid-March - internal EIOPA delivery and the BoS decision on approval of the final amendments (assumes that the following are finalised: relevant business material, DPM Annotated Templates and DPM Dictionary), including the planned updates on list of validations (expressed in EIOPA's validation syntax).

- By end-March - publication of the outcome of the business consultation and the taxonomy PWD2 with validations.

- By mid-April - PWD2 feedback closes. However, afterwards till mid-may EIOPA will be in a position to address technical corrections (not business changes).

- By first week of May - in case that business changes are spotted in the PWD2 run a new BoS processes for the final changes (this is only to be applied if needed and in general the business material changes shall be addressed in February).

- By 1-June – publication of final taxonomy version without validations and submission of draft ITS to the COM.

- By mid-July - publication of taxonomy validations.

- By November - fixing of non-working validations, no updates on templates are made.

> e) Question: Do you support the proposed timelines? If you have a strong view please explain it with the reasons

Validations deactivation processes

30. The final list of validations for a taxonomy release is published as a part of the July 15th release package and, in case afterwards non-working validations are detected, they are being fixed in the November 1st light hotfix update. It must be noted that the November release affects only the non-working validations that are updated to be correct and no new validations are ever included in the comparing to the July 15th version.

No schedule for updates to deactivations

31. The process for updating the public list of validations announcing the deactivations is currently performed 'when needed' without any specific schedule. This has led to some concerns expressed by the industry, as there are no fixed dates when the deactivation list is updated. This situation may lead to a risk that the industry makes an effort to satisfy some validations that are internally planned by EIOPA to be deactivated, however the information about this intention has not been published yet nor publicly marked as "Under investigation" (if a validation is identified as potentially incorrect but no decision on deactivation was made in a given release announcing deactivations).

32. In addition, EIOPA is receiving repeating questions on the same problematic assertions identified by various users as well as inquiries about the timeline for the next deactivation.

33. EIOPA believes that one option to improve this situation would be to plan a fix date of the month to regularly update the list of validations. For example, the first working day of the month.

> f) Question: Are you in favour of setting a schedule for publication of deactivations? What frequency do you think is most useful (e.g. once a month)?

Option to relax the severity in existing validations

34. On the technical level, EIOPA applies a mechanism for deactivating assertions that was proposed by the Eurofiling initiative. As described in section VII.3.6.8 of the EIOPA XBRL taxonomy documentation, each taxonomy entry point (e.g. QRS, ARS, QRB, …) references a linkbase file stored in a dedicated location (https://dev.eiopa.europa.eu/Taxonomy/Full/deactivations/{taxonomy version code}) that is replaced whenever there is a need to deactivate a rule referenced by this entry point.

35. This mechanism offers the possibility to deactivate validations. However, sometimes there is no need to change the validation but only to relax its severity - from blocking to non-blocking (for example, in case an exception applies only to few companies). Therefore, EIOPA suggest to improve the

mechanism of deactivation to allow, in a similar way, not only to deactivate but also to relax the severity of existing validations.

> g) Question: Are you against of relaxing severity (from blocking to non-blocking) instead of deactivating validation rules (after publication of the revised list of validations in November)? If so, explain the reasons and/or alternatives

Option to define the severity based in the logic/data of the validation

36. Additionally, other XBRL Formula limitation is that the severity level needs to be established for the whole validation when is defined and it cannot be stablished dynamically based on the reported data. An example of dynamic severity could be: if in the basic information template the type of report is "ad-hoc" then raise a non-blocking error (warning), otherwise raise error (as regular reports shall fulfil this validation).

37. As the XBRL specification does not cover this mechanism of severity of error depending on the reported data the EIOPA could suggest an improvement to the XBRL specifications in this regard. Allowing to define the severity of the error dynamically and which would at least be used reduce/eliminate the current duplication of validations due to the change in severity (e.g. for ad-hoc reporting[5])

> h) Question: Are you against of the option of defining the severity of the error based in the reported data? If so, explain why and potential alternative solutions to this problem.

Improvement on the definition of validations (list of validations content)

Reasons for validations being non-blocking

38. Currently, EIOPA differentiates between blocking and non-blocking validations. Validations may be defined as non-blocking for different reasons such as:

- they are newly created (*input phase*) and EIOPA apply a "prudent" approach on the inclusion to assesses its impact first before making the validations blocking;

- exceptions occurring in case of a small set of entities (for example run-off business, or particular exemption/authorisation granted by NCAs);

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[5] Please note that the need of the current duplication of the ad-hoc reporting validations could be solved with this technical feature, however it does not means that in ad-hoc reporting the NCA may still setting as blocking some of the validations.

- *plausibility checks* where the intention is to warn undertakings for potential data errors (for example a negative technical provisions which is very uncommon but not necessarily be an error in data).

i) Question: Are you in favour of adding a column/s to the list of validations to document the type and/or the reason for being non-blocking?

Option to indicate that a non-blocking validation requires a justification in case that is not fulfilled

39. In some cases some specific non-blocking validations may require some justification, however currently there is no integrated mechanism in the taxonomy to enables communicating a short description of this reasons attach to the report itself. EIOPA is considering to include a new column in the list of validations to indicate when a validation require a short description within the report in case that are not fulfilled. For example "This validation is not fulfilled because the company is in run-off status" or "This validation is not fulfilled because an undertaking has a special NCA exemption granted".

j) Question: Are you in favour of providing a possibility to indicate within the report an explanation when a non-blocking validation was not fulfilled (in a specific table added to the reporting requirements) by the undertaking? Otherwise, please explain your reasons and alternatives

Validation tolerance level

40. The current tolerance mechanism applied by EIOPA is based on the interval arithmetic of XBRL formula specification. Although conceptually pure (in mathematical sense), it has a few drawbacks, e.g.:

- It is very sensitive to rounding, especially when involving facts from templates requiring high precision (e.g. S.06, S.08 and S.11) which may result in resubmissions that do not significantly increase the quality of the reported data (as errors may not be material in financial terms);

- It is not easy to explain to users and relatively complex to implement in the IT solutions. This is because the interval arithmetic is based on both – the operation performed and the precision of each fact involved in this operation. The latter is quite often the source of problems, especially when undertakings (due to a misunderstanding of the XBRL rules) declare large numbers to be very precise (e.g. up to cents). This is especially the case of the balance sheet where large decimals set to -4 which allows for tolerance of +/-5000 units, however incorrectly the XBRL report sometimes report the figures with decimals set to 0 and then validations become very strict for this incorrect preparation of the report.

41. Increasing the permitted value of @decimals attribute seems to be easiest solution in a short term as it requires the minimal technical change. This may

also be complemented with filing rules to ensure the proper implementations, ensuring that maximum tolerance is applied by the XBRL engines.

42. Alternative, EIOPA could apply a completely different tolerance approach basing it in the Relative Error formula (instead using interval arithmetic using a percentage of margin between the expected/calculated value and reported value with a minimum threshold).

43. EIOPA is open to receive more information, evidence and suggestions on how to address this specific topic. More detailed proposals will only be developed after public consultation.

> k) Question: Do you think that EIOPA should keep the interval arithmetic tolerance increasing the tolerance margin or do you think that EIOPA should apply relative error? Please explain why you prefer an approach and the tolerance that should be given to it.

Further cross-NCAs harmonisation of validation rules

44. Some NCAs have further added validations to the EIOPA XBRL common Taxonomy on top of the EIOPA validations or have made the EIOPA validations stricter (changing from non-blocking to blocking).

45. Similar issue seems to occur to the XBRL Filing Rules. Even if the Filing Rules indicate that the severity of those rules should not be modified by the NCAs, some are. EIOPA is calling for input also in this regard asking for examples of problems and potential solutions.

46. This creates issues for cross-border operations of insurers and software providers as they need to deal with the divergences of the implementations.

47. EIOPA believes that those divergences could be reduced by two channels:

- For the validations: creating a common repository of validations including the NCA validation in one EIOPA list. Including the national/s validations in the common list as far as the validations are concerning only EIOPA data of the submitted report (i.e. not using in the validation NCA specific data points). In this approach EIOPA will be strict that common validations included in the taxonomy shall never be modified unilaterally by the NCA (for example changing to blocking a non-blocking rule of EIOPA)

- For the XBRL filing rules: being more strict on its mandatory harmonisation, preventing to use the EIOPA common taxonomy and at same time modifying its implementation.

48. A potential approach to implement this common repository of validations could be to request that the NCA shall "always" incorporate/suggest their current

extra-validations in the list of validations (for the ones which are concerning only EIOPA data):

- If the suggested validation applies to all countries: include it as a regular validation

- If the suggested validation applies to all countries except few of them (1 to 4 for example): define the validation as blocking with the exception explicitly provided as a list of countries. In general for the countries from the exception list – defining the rule as non-blocking while for the rest of countries would be blocking.

- If the suggested validation applies only to few countries (1 to 4 for example): adding one new validation per country. There should be a specific pattern allowing for identification of such a rule, e.g.: CountryCode + ID defined by the owner NCAs. Such a rule could be documented in a short run and implemented in XBRL a long run (step-by-step approach). This case would also cover for example EIOPA common non-blocking validations that are being modified by NCAs to make them blocking (on the basis that is known that all their national undertakings shall/are fulfilling it). EIOPA would request to create them with specific NCAs codes in order to allow to be blocking.

- If the suggested validation applies to something in the middle (more than 4 countries but with more than 4 countries of exception), the validation could be incorporated as a non-blocking/warning.

l) Question: Do you agree that EIOPA should review/incorporate in the EIOPA common list of validations the NCAs national validations which are applied to the EIOPA taxonomy common package (i.e. the ones which does not involve specific national extension items)?

Taxonomy

49. The EIOPA Taxonomy is maintained as a "regular basis" up-to-date according to the latest DPM and XBRL technologies developments. As the plan is to keep using those two technologies, the room for changes/improvements is limited to the "flexibility" and potential improvements of these technologies.

50. EIOPA is aiming to develop a 2.0 version of the internal solution used to create and maintain the Taxonomy and related artefacts. Including a better integration with the business side preparation of the requirements. Currently EIOPA is using a system inherited from the T4U development which was reusing also the building blocks from the EBA and the DPM Architect from the Bank of Spain. The project is still in the inception phase and EIOPA is considering different options. Logically, the requirements and solutions that could be developed in this project will lead to have means to improve certain

aspect or others. In this sense, for EIOPA it is important to receive and analyse in this consultation the feedback regarding the external needs and preferences for the taxonomy users about the improvement of the existing solution.

DPM Database improvement

51. One Taxonomy product that is very much used and may make sense to improve is the EIOPA DPM database. This component was implemented in EIOPA following the EBA approach of the database and in the scope of the EIOPA XBRL Tool for Undertakings project (T4U). The tool was published as open source and is no longer maintained by EIOPA, however this database became core part of the Taxonomy development package and is extensively used by Stakeholders. The NCAs are commonly using it in the DWH and also some insurance undertakings and software providers are using this instead of the XBRL taxonomy to create their solutions.

> m) Question: Do you make use of the DPM database? If yes for what purposes?
> n) Question: Do you think an improvement of the DPM database, in particular to manage/map better the datapoint ID and the datapoint versioning across taxonomy releases and to be able to have/publish more than one taxonomy version within the same DPM database (including the form of delta) would be beneficial?

Taxonomy Version numbers

52. EIOPA may take the opportunity to address within the 2020 review the topic taxonomy versioning numbering system. Instead of taxonomy publication dates, it may be based on calendar years + type of release (for example "2019.PWD", "2019", "2019.HF" - if published). This detail, even small, may facilitate the communication of taxonomy releases and applicability date.

Translations

53. One of the aspects which have being requested several times by taxonomy users is the translation of the taxonomy to all European languages and the integration of the business logs into the annotated templates, DPM database and in XBRL reference linkbase. This requires a considerable effort for the main reasons provided below:

- The tooling for the process need to be the technically integrated regarding the developments and needs to be able to handle all the needed information. For example the annotated templates may reach the limits of Excel.

- The package translated is already very large 6000+ pages for the 22 languages. Furthermore the translation and the technical means of it (PDF) are provided by EC services, meaning that is also not directly managed by EIOPA which requires of more synchronization effort.

- The translated package is incomplete as only ITS are translated but not other business materials like BoS decisions (e.g. Pensions funds reporting

requirements). Similar case apply to the DPM dictionary which is not translated. Therefore the tooling should also contemplate the option of NCA´s providing extra translations.

54. EIOPA may try to look for the resources to provide translation of the taxonomy to all European languages. At least till the extend that legal texts are translated. Publication of such an enriched package may be done afterwards the regular taxonomy in English. It must be taken into account that timelines would have external dependencies.

55. EIOPA may try to look for the resources provide the integration of the business logs in the annotated templates as XBRL reference linkbase. Publication of such an enriched package may be done afterwards the regular taxonomy in English. It must be taken into account that timelines would have external dependencies.

> o) Question: How important/beneficial you consider that would be to have the taxonomy translated? In particular consider to measure aspects related with implementation costs and the data quality.

56. The changes identified are mostly linked to the result of this consultation therefore more detailed proposals will only be developed after public consultation.

Technical improvement of the Public Disclosure package

57. One of the aspects that EIOPA aims to promote is the structuring and accessibility of the public disclosure data. Currently the public disclosure data is only required to be published electronically in the website of a given insurer and in practical terms this has the following two main drawbacks:

- It could be quite challenging and time consuming to reach the report in the insurer website. In particular, if for example someone needs to access several reports to do market studies.

- The electronic format normally used is pdf and sometimes in the form of scanned imaged. This means that the information is not machine readable at all, even for the structured data templates required by the regulation. This highly affects the usage of the information, in particular for comparison of data between reports across time or insurers.

58. EIOPA included the public disclosure structured templates as a part of the package modelled within the taxonomy using the DPM architecture[6]. The taxonomy is covering this requirements even they are not currently required to be published in this format. Furthermore, for undertakings reporting in XBRL (large majority) the process of generating the public disclosure instances from

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[6] Comparing to ITA architecture applied for instance in case of the European Single Electronic Format.

the Annual Reporting requires of minimum effort (for example using XBRL conversion formulas for automatic generation of the report).

59. Other authorities like ESMA have developed on the basis of the IFRS XBRL taxonomy, Transparency Directive and the European Single Electronic Format technical means to promote the accessibility and structuring of the public disclosure data. In this case with the legal requirement of using of iXBRL and national repositories for publication.

60. EIOPA is considering the following options for the structuring of the public disclosure package:

1) Keep the current situation;
2) Request to publish the structured quantitative templates in XBRL. This is on top of the current public disclosure in "free electronic format" (pdf or similar);
3) Request to publish the public disclosure structured quantitative templates in XBRL including in it also some small parts/key elements relevant narrative information on top of the structured disclosure templates. For example adding a Basic Information template with key elements, like company name, LEI, information if the document is audited, the name of the auditor and maybe a brief resume of the narrative report. To publish those reports in XBRL format on top of the current public disclosure in "free electronic format";
4) Request to publish the structured quantitative templates in XBRL and the SFCR in a structured pdf format.
5) To require a single, electronic and machine readable report. Applying for example a similar approach to the one implemented by ESMA for ESEF (iXBRL).

Note that all these options, except the first one, would involve amendments in the Solvency II Directive and/or the Delegated Regulation.

EIOPA summary the PROS and CONS of each option as following

Option	Pros	Cons
1	● No effort	● The information is less accessible and the use of it more expensive. The efficiency of the regulatory compliance would not be improved in this regards.
2	● Quantitative data available for automated analysis (structured format)	● Additional but much reduced effort for undertakings to prepare XBRL reports based on regulatory reporting in XBRL. ● Minor effort for EIOPA (which would mainly need to provide the conversion formulas to facilitate the report creation)

3	• Quantitative data available for automated analysis (structured format) • Some key elements of the narrative reporting would be also available in a structured format promoting the accessibility to the information	• Additional effort for undertakings and potentially additional costs. However if the incorporation of key elements is small the effort should be also small. • Relatively minor effort for EIOPA to develop further taxonomy as the intention is structure only small parts of the narrative information/key elements. • Need to consider potential extension of the taxonomy by undertakings
4	• Quantitative data available for automated analysis (structured format) • Qualitative data would be also available in a structured format promoting the accessibility to the information	• Additional effort for undertakings and potentially additional costs but considering a structure pdf the effort should not be material. • Need to consider potential extension of the taxonomy by undertakings
5	• Single human readable report containing the entire public disclosure and structured data • Quantitative data available for automated analysis (structured format) • Extensive data available that supports analysis including the machine processing of narrative reports (depending on approach for mandating extension and complete tagging of the entire report)	• iXBRL tagging of multidimensional (DPM) models such as EIOPA taxonomy may be difficult in practice (this would be the first case) • Big investments for EIOPA, NCAs and undertakings (more leverage investments for those which are under ESEF regime as they already have to prepare iXBRL reports for this regulation)

> p) Question: Which of the options do you consider more adequate for the review of the technical means of the Public Disclosure package? Please explain your reasons and provide information on expected costs when possible.

61. Additionally, EIOPA is also considering two complementary options to ensure easy access to the reports.

62. To request the undertakings to inform in the regulatory reporting the two direct URLs (for XBRL and PDF) where the public disclosure report can be automatically downloaded. EIOPA or NCAs may publish these direct URL in their websites in order that interested users can access it directly (without having to surf within several issuers websites). Basic requirements in terms of availability of files should be set. Note that this option would involve amendments in the Solvency II Directive and/or the Delegated Regulation.

63. To make available via NCA or EIOPA website a repository of Public Disclosure Reports. This would imply also to derivate the data from the regulatory reporting or to set collection mechanism for those reports between the undertakings and NCAs in a similar way that currently is applied for the rest of the XBRL regulatory reporting. Note that this option could involve amendments in the Solvency II Directive and/or the Delegated Regulation.

q) Question: In regards the two complementary options to ensure the availability and accessibility of the information of the public disclosure package. Do you foresee particular technical difficulties with them? Please provide your views of the problems and/or other options to be considered.