	Comments Template on CP9 – GR - Reporting	Deadline 20 January 2012 12:00 CET
Name of Company:	Association of British Insurers	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
	Please follow the following instructions for filling in the template: ⇨ <u>Do **not** change the numbering</u> in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column <u>empty</u>. ⇨ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, <u>in Word Format</u>, to cp009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.** The numbering of the paragraphs refers to this Consultation Paper.	
Reference	**Comment**	
General Comment	**The UK Insurance Industry** The UK insurance industry is the third largest in the world and the largest in Europe. It is a vital part of the UK economy, managing investments amounting to 26% of the UK's total net worth and contributing £10.4 billion in taxes to the Government. Employing over 290,000 people in the UK alone, the insurance industry is also one of this country's major exporters, with 28% of its net premium income coming from overseas business. Insurance helps individuals and businesses protect themselves against the everyday risks they face, enabling people to own homes, travel overseas, provide for a	

financially secure future and run businesses. Insurance underpins a healthy and prosperous society, enabling businesses and individuals to thrive, safe in the knowledge that problems can be handled and risks carefully managed. Every day, our members pay out £147 million in benefits to pensioners and long-term savers as well as £60 million in general insurance claims.

The ABI

The ABI is the voice of insurance, representing the general insurance, protection, investment and long-term savings industry. It was formed in 1985 to represent the whole of the industry and today has over 300 members, accounting for some 90% of premiums in the UK.
The ABI's role is to:

- Be the voice of the UK insurance industry, leading debate and speaking up for insurers.

- Represent the UK insurance industry to government, regulators and policy makers in the UK, EU and internationally, driving effective public policy and regulation.

- Advocate high standards of customer service within the industry and provide useful information to the public about insurance.

- Promote the benefits of insurance to the government, regulators, policy makers and the public.

Level 3 guidelines are essential to ensure the correct interpretation in application of legislative texts and also to gauge the expectations of supervisors. We do not however believe that Level 3 guidelines should build on the legislative text or go beyond their requirements. We therefore ask EIOPA to ensure that these guidelines are reconsidered to ensure they provide guidance on Level 2 requirements, rather

than extending their scope.

In addition, **we believe the guidelines for the SFCR are overly detailed and not appropriate for disclosure to the public at this level of detail**. We accept that in addition to the general public, the SFCR will also be read by analysts and other market professionals. Even so, in line with Article 53 of the Level 1 Directive, the disclosure of information should not be required where this information may reveal commercially sensitive information, which may give competitors an unfair advantage or where the information may be misinterpreted by the reader.

We believe that much of the information concerning risk management and internal model approval are too detailed. The fact that models must adhere to a supervisory validation process and on an ongoing basis, are subject to a supervisory review process, and should be enough to provide assurance that of an internal model is reliable.

Application of the principle of proportionality is a very important point for industry, especially with regard to undertakings considered small/medium in terms of size and complexity. The CEA believes these Level 3 guidelines could be used in a way to better way to understand how this principle may be applied in practice.

For the SFCR, we accept that a minimum of quantitative information to be disclosed should be specified. However, we would strongly recommend leaving some flexibility to undertakings in the way they present this quantitative information. One should remember that the SFCR should be understandable, and that the quantitative figures have to be carefully explained.

The guidelines include a lot of issues which are already covered by the QRTs. It needs to be clarified whether or not undertakings have to provide additional information beyond the requirements defined in the quantitative reporting templates, or if parts of the guidelines refer indirectly to the information provided by the QRTs.

The guidelines determine that the RSR is a stand-alone document, which should not

	contain any reference to other documents. This is contrary to the SFCR where references are allowed. By restricting the opportunity to make cross-references will trigger an additional workload as the undertaking would be required to duplicate reporting of information which is already submitted to the supervisor. Moreover, the complexity of reporting, and coordination within the undertaking, will be more difficult. We believe that these requirements go beyond the framework directive and draft Level Also with regards to the RSR, double reporting of information already outlined in the QRTs should be avoided. If certain information needs can be fulfilled by the information provided by the QRTs, this information should not also appear in the qualitative parts of narrative reports.	
3.1.		
3.2.	The draft Level 2 text already covers in significant detail the minimum content of the RSR and SFCR. We do not consider that supervisory guidelines should set out additional requirements regarding content. For this reason, we propose to delete the below text from this paragraph. The following Guidelines aim ~~at specifying the requirements on public disclosure and supervisory reporting that (re)insurance undertakings are subject~~ to ~~by~~ giv**e**~~ing~~ further details as to what supervisory authorities expect from undertakings with regards to..	
3.3.	Please refer to paragraph 3.2.	
3.4.	In this section, EIOPA refers to 3 different kinds of guidelines: for solo undertakings; for undertakings belonging to a group; for the group parent. For each guideline it should be very clear to which type of undertaking the guideline is directed.	
3.5.	Please refer to paragraph 3.4.	
3.6.		

3.7.		
3.8.	This information is consistent with public disclosures on the risk profile of the undertaking under the IFRS framework. To avoid double disclosure and potentially misleading messages to stakeholders, it should be possible to make reference to the original source of the information. Public reporting of structural information on the group (under the scope of Solvency II group supervision) should be required only in the group SFCR. It is unclear if the (ultimate) participating insurance or reinsurance or even all group entities would have to provide such information to the group supervisor. b) We propose to replace "ultimate parent entity" with "ultimate parent insurance or reinsurance undertaking or insurance holding company which has its head office in the Community". This would align the Level 3 text with Level 1 Article 215 (1). c) We question what is meant by "associates" and if it refers to "material participations"? d) The chart should contain only a simplified legal structure of the group and should be required only in the group SFCR, this would avoid duplicate disclose of information. This is consistent with the draft Level 2 text.	
3.9.	We strongly object to disclosing information on the internal structure of the group, this could for example extend to information at department level of underlying undertakings, this would be of no added value in understanding the solvency and financial condition of a group. The explanation in paragraph 4.5 cites "task forces" and "committees" as being included in this level of disclosure. This might be of interest in supervisory reporting, if they relate to the risk management of a group, however as a general systematic requirement, this is excessive. We would like to reiterate that this goes beyond the draft Level 2 text and we therefore propose to delete guideline 2 as it intends to introduce additional	

	requirements.	
3.10.	The proposed requirement to disclose intra-group transactions and outstanding balances goes beyond the draft Level 2 text and as such, we view these as additional requirements rather than providing industry guidance on proposed requirements. Intra-group transactions are defined by Article 13(19) of the framework directive as "operations and transactions". Intra-group transactions will include competitor sensitive details and as such, should remain for supervisory purposes only. In particular, details on the terms and conditions of such intra-group. We therefore propose to delete guideline 3.	
3.11.	The draft Level 2 text already provides for detailed disclosure on the System of Governance, including how each of the functions are integrated into the undertaking's structure. Additional requirements such as explaining how each function has the necessary authority to perform their role and how they report and advise the administrative, management or supervisory body, seem to go beyond the draft Level 2 text. In smaller undertakings, where these functions are carried out by one person, the guideline would result in a detailed public disclosure on the individual person carrying out the function. This should never be required.	
3.12.	Please refer to paragraph 3.11 for comments on proposed requirements in comparison to the draft guidelines. Additional requirements such as explaining how each function has the necessary authority to perform their role and how they report and advise the AMSB seem to go beyond the mandate of supervisory guidelines. In smaller undertakings, where these functions are carried out by one person, the guideline would result in a detailed public disclosure on the individual person carrying out the function. This should never be required.	

	This reporting requirement is unnecessary and we believe that is does not add any value to the reader.	
3.13.	Detailed information on the operation and governance of the internal model should not be disclosed in the SFCR. Any overlap with guideline 26 should be in the RSR only. Such reporting would appear to be in any case excessive as supervisors will always have the option of consulting the internal model documentation should they require such information. Such information is not required by the public however. We propose to delete, "specific committees", explicit reference to internal committees should be not a requirement of the SFCR. The structure of organisational embedding is part of the internal model approval process. Disclosure on the systems and controls that monitor the model should be sufficient following the approval process. Public disclosure should not be mandatory for the actual tools used for validation. Instead public disclosure on the risk management system should concentrate on the overall structure of decision-making processes. We propose to replace the last sentence with "a description of the validation process for Internal Model approval."	
3.14.	Disclosure on SPVs is important however there is a question over how to treat SPVs which are established in a country which is not an EU member state (e.g. Cayman) or in a country for which an equivalence assessment has not yet been performed (e.g. Bermuda). We query whether undertakings should also disclose information on these SPVs. Disclosure of information on SPVs will be consistent with annual reporting as the underlying factors will not change, or change very little, over the lifetime of the SPV.	
3.15.	Information on each class of asset may be too granular to be useful to the users of the SFCR. Only material classes of assets should be considered for public disclosure.	

3.16.	We believe that the level of detail in this guideline is too high. With regards to point c, many instruments of assets of insurers are not regularly traded on financial markets therefore we query what information would be expected of public disclosure. With regards to point e, we believe this goes beyond the mandate of supervisory guidance and attempts to introduce additional requirements to the SFCR. There is defined valuation hierarchy in Article 7 of the Level 2 text, this hierarchy is consistent to IFRS.	
3.17.	This paragraph should not be interpreted as undertakings being required to disclose an additional valuation column in the Solvency II balance sheet. A high level reconciliation and explanation of the differences between Solvency II and Accounting valuations should be sufficient for the audience of the SFCR.	
3.18.		
3.19.	Point a) of this market could be very burdensome to implement as the majority of markets are likely to be active. We propose to change this requirement to read "the criteria used to assess whether markets are **<u>not</u>** active".	
3.20.		
3.21.		
3.22.		
3.23.	Please find comments on the individual points raised in this paragraph: a) It should be sufficient to include only a statement that simplification rules are applied. A detailed explanation should not be required. b) Article 12 and 13 of the draft Level 2 text provides clear guidance on the recognition and treatment of contract boundaries. A further general explanation	

	therefore would not exist. We propose to delete this point.	
3.24.		
3.25.		
3.26.	We are against requiring contingent liabilities to be valued. Many contingent liabilities are treated for accounting purposes as off-balance sheet because it is not clear that they actually are liabilities at a balance sheet date. These should only be valued as liabilities in the context of the sale of a business as a whole. Other contingent liabilities may have very low probabilities of a future outflow of funds and so would be likely to be immaterial, and many (particularly, as the IASB has acknowledged in its project to revise IAS 37, those with binary outcomes) would be difficult to value with the required degree of robustness.	
3.27.		
3.28.	We do not feel it is appropriate to disclose recognition for deferred tax liabilities. All liabilities are recognised. This is not required under IFRS and would be meaningless as a Solvency II disclosure.	
3.29.	Requiring details on “processes and procedures” is too granular, not just for the SFCR but outright. The description of the internal control system, combined with that of the system of governance, should already be enough for a reader to understand the strength of the overall control environment in this regard. We do not believe that this provides clarification or explanation of the Level 2 requirements, but a significant extension. Disclosure and reporting policies are not required under Articles 55(1) and 35(5) of the framework directive. The draft Level 2 text also requires disclosure of “any other material information” on each section of the SFCR.	

	We therefore propose to delete this requirement as "any other disclosures" is self explanatory in the context of the draft Level 2 text.	
3.30.	The solvency ratio (eligible own funds / SCR) should not be required for public disclosure. Article 51 (1)(e)(i) and (ii) of the Directive requires that that the amounts of own funds and of the SCR be disclosed. This should be sufficient.	
3.31.	This guideline is very detailed, in particular we would propose to delete the following points: b) Requires information in respect of "each" capital instrument. We believe this level of detail is excessive given that the draft Level 2 text (Article 288 PDS7 (1)(b)) requires information only by tier. d) Additional reporting of risk driver effects for subordinated debt should not be required. f) The reconciliation reserve is a residual amount therefore it should not be required to provide a breakdown of where it derives from. This is not covered by any requirement of the framework directive or the draft level 2 text.	
3.32.	As a general comment, there should be no double disclosure arising from the narrative explanations in the SFCR and the QRTs which will be published as an annex.	
3.33.	Article 288 PDS7 2g requires us to disclose inputs to the MCR in the SFCR. However these inputs are also to be stated in template MCR-B4A of the QRT, so why do we have to restate them in the SFCR ? One statement would suffice.	
3.34.	The requirements go far beyond what is required by the Directive. Supervisory authorities have to approve the internal model in order to ensure that all legislative requirements are met. A comparison between internal model and the standard formula will be difficult because the internal model does not allow for a standard approach. As a general rule, detailed information on internal models should be reported only to	

	the Supervisor. Regarding the differences between the standard formula and any internal model used, why include these differences in the SFCR when the effect on results is in the RSR ? It would be better to have all in the RSR.	
3.35.	To ensure an undertaking does not suffer a competitive disadvantage, and to respect confidentiality, detailed disclosure on internal models should not be required in the SFCR. It should be clear that disclosure of contingency and recovery plans would consist of an overview of actions the undertaking would take if such a situation occurred. It should not be interpreted that the undertaking is not complying with its MCR.	
3.36.	Only a brief description of the data and the process underlying the data quality should be required for public disclosure. The judgement of supervisors should provide sufficient confidence in the undertaking's systems without having to provide extensive verification on data quality.	
3.37.	We note that in the draft Level 2 text foresees this level of detail only for groups, particularly paragraph (f) which requires a list of all subsidiaries and branches. We see this as going beyond the mandate for supervisory guidance and therefore propose to delete paragraph (f). The detailed structure chart should display only the legal structure i.e. it should not be required to highlight separate branch structures.	
3.38.	As a general comment, EIOPA should avoid any duplicate reporting which may arise from overlapping content of the QRTs and indeed the ORSA. The RSR should focus on a narrative supplement and not introduce duplicate reporting requirements.	
3.39.	Clarification is required on this guideline with regards to the term "related party transaction". In accounting terminology, "related party transaction" can mean intra-group transactions. We do not believe that this terminology fits with Article 245(3) of the framework directive.	

	We do not agree with the term "significant related party transactions", in the framework directive it states that the group supervisor will identify the IGTs to be reporting. The definition of "related party transaction" in explanation 4.76 is far too wide and would include, for example, change of personnel. We propose to delete guideline 3.39 as it goes beyond the mandate of supervisory guidance and aims to introduce additional requirements.	
3.40.	We assume that the explanation is only required for material/significant transactions/operations, which are reported in the QRT templates. It is important to avoid double reporting. Please also refer to paragraph 3.38 for comments on overlapping information with the QRTs.	
3.41.	We do not see why the group is required to provide information on the "commercial rationale" in the RSR. The aim of ORSA is to be transparent about business planning and meeting Solvency needs, we therefore do not understand the rationale for having duplicate requirements in the RSR. The interplay of guideline 31 and 32 is not clear to us, for example what is the difference between "operations and transactions within the group" and "intra-group operations and transactions"? We agree that additional information on material transaction affecting the solvency of the group might require the group supervisor to ask for more information, however this is captured by reporting on pre-defined events. Please refer to paragraphs 3.38 and 3.40.	
3.42.		
3.43.	The risk taking of the undertaking relates to its risk tolerance limits. It should be clarified that this guideline addresses remuneration issues only.	

3.44.		
3.45.	Reporting information on an undertaking's risk management system should be done in such a way so as to demonstrate to Supervisors that the risk-management system has been implemented and subsequently to demonstrate that the necessary processes are in place to ensure compliance with the Solvency II requirements. Reporting of strategies and objectives is deemed by industry to be excessive, in particular it would be inappropriate to report on the elements in this explanatory statement for example: pricing rules; underwriting policies; investment policies and claims processing procedures. These are based on internal business decisions and do not serve the purpose of assessing an undertaking's system of governance.	
3.46.	Derivatives are categorised as an asset and would therefore be dealt with under a different guideline.	
3.47.	We support that more detailed information on risk concentration only be required for "significant risk concentration" however clarification from EIOPA on what is meant by "significant", and what materiality thresholds might apply, would be helpful. The draft guidance suggests that details of risk concentration must be provided at group level. This is consistent with the definition of risk concentration in CEIOPS-DOC-53/09, « Supervision of Risk Concentration and Intra-Group Transactions » (for example in section 3.23). However Article 286 PDS5 3 and Article 298 SRS5 3, (both in Draft Implementing Measures, Solvency II, 31 October 2011) seem to require disclosure of details of risk concentration at the level of a subsidiary within a group. Judging from the definition of risk concentration, it seems that concentration risk is more likely to apply to these subsidiaries. We would like to see some clarification here as to what is required for an undertaking below group level.	
3.48.		
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3.50.	We believe that point (b) should be deleted as the draft Level 2 text already provides a definition for, and details on the treatment of, contract boundaries (Article 12 and 13).	

	We believe that point (l) should be deleted as reinsurance recoverables have to be calculated consistent to the principles and methods relating to insurance liabilities. We do not understand the purpose of this guideline. EIOPA should provide clarification on what they understand by "unbundling" - point (j) - as this is not currently defined under Solvency II.	
3.51.	Clarification would be helpful on whether this guideline refers to the administration process involved in preparing the group account. If so, this guideline seems over-engineered. Additional information on the group accounts should consist only of the method/s applied and the scope. This information can be obtained from the QRTs.	
3.52.		
3.54.		
3.55.	This is an internal policy document and supervisors should respect confidentiality requirements (Article 64 of the framework directive) to ensure the names of individual persons are not publically disclosed. Point (c) should be clarified to ensure that it concerns only that information in the public domain which is to be used to satisfy SFCR requirements, as opposed to all publicly-available information. We believe, contrary to what is set out in parts (d) and (e), that the disclosure policy should set out only guidelines and principles on what is and is not to be reported, as opposed to any specific items.	
3.56.	The decision around burden of proof is subjective. The ultimate decision not to disclose information based on commercially sensitive information and unfair competitor advantage should be based on dialogue between the undertaking and the supervisor. Guidance from Supervisors would be helpful on what kind of information they deem to be confidential in this respect.	

3.57.		
3.58.		
3.59.	We support EIOPA's move towards accepting references to other documents. If undertakings cannot make references to other document it will lead to the duplicate disclosure of information. Moreover, the complexity of disclosure requirements will be increased and coordination within the company will be more complicated.	
3.60.		
3.61.	The draft Level 2 text states that the single SFCR should be disclosed in the language determined by the group supervisor, or in another language most commonly used by the college. We believe that EIOPA's proposal is an additional requirement going beyond the mandate of supervisory guidance.	
3.62.	The Guideline determines that the RSR is a stand-alone document, which should not contain any reference to other documents. This is a very bureaucratic requirement, insofar that it prevents the RSR from referring to other information supplied to the same supervisory body. It is also contrary to the SFCR report where references are allowed. This will trigger an additional workload as the undertaking would be required to duplicate reporting of information which is already submitted to the supervisor. We see this as an additional requirement beyond the framework directive and draft Level 2 text.	
3.63.	It should be clarified that in the reporting policy, only the responsible department/function needs to be listed and not individual names. Point c) we believe the term "guaranteeing" creates an unrealistic requirement and goes against Article 35(4) of the framework directive which states that: (b) ...complete in all material respects, comparable and consistent over time; and (c) ...relevant, reliable and comprehensible	

	We propose to replace this text with, "provide proportionately reasonable assurance".	
3.64.		
3.65.	The comment row for paragraph 3.67 is missing and we have therefore provided our comments here. 3.67: when undertakings report whether they have complied "with the specified [text]", this should refer to a legal text. Supervisory guidance should not be intended for compliance purposes, but to enhance the reader's interpretation of legal texts.	
4.1.	Information on the supervisory coordinator at financial conglomerate level is an excessive requirement for solo undertakings to apply. This information will be relevant at the ultimate parent level of groups/conglomerates, it should not also be required to capture a bottom up view of these groups/conglomerates.	
4.2.		
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4.6.	Please refer to paragraph 3.10. We do not believe it is necessary to differentiate between intra-group business and business conducted outside of the group. Transfers within the group, particularly in relation to reinsurance, will be based on a risk assessment. This is a standard requirement under Solvency II. Intra-group transactions will be captured at group level and reported to the supervisor as such. This level of detail in the SFCR is excessive.	
4.7.	Please refer to paragraph 3.10.	

	We are strictly against disclosure of IGT. This information is highly sensitive, does not influence financial markets and should be reported only to supervisors in order to give them a better understanding of the group structure as well as IGT relationships. In the consolidated group financial statements IGT must be eliminated in order to present a group of undertakings as a single entity. From this perspective, the disclosure of each IGT would be rather misleading for those other than supervisors. Any impact of financial statements should be considered regarding consistency with financial reporting. It would be helpful if the explanatory statement could further articulate the requirement in terms of how consistent it is with equivalent IFRS reporting requirements on related party transactions.	
4.8.	Thresholds and other quantitative measures should be determined well in advance of entry into force. Without prior knowledge of thresholds it is difficult to carry out a sufficient cost/impact analysis at this stage.	
4.9.		
4.10.	We believe that disclosure on the "status and resources" of internal key functions is excessive. Application of proportionality will be crucial when implementing these systems. If an undertaking has, in agreement with their supervisor, applied the principle of proportionality, this should not be misinterpreted as the undertaking being "under-resourced".	
4.11.	Please refer to paragraph 3.13. We believe that "specific Committee" should be deleted. This is not a matter for public disclosure but perhaps helpful when interacting with the supervisor.	
4.12.	Please refer to paragraph 3.13. We do not see the link between internal model governance and the overall system of governance – which applies to users of both internal models and the standard formula.	

	Linking solvency needs and the risk profile of the undertaking is a key role in ORSA. This is in line with the draft Level 2 text which, under the System of Governance (Article 249 – 265), makes no reference to internal model calculation or validation.	
4.13.	Please refer to paragraph 4.11. We propose to delete references to "tools" from this paragraph. Public disclosure should focus on issues of process and to a lesser degree on technical details. "~~Public disclosure of all~~…" We propose to delete this text as specific validation tools often match the level of detail of the internal model design. Therefore, the disclosure requirements for validation tools should not be more extensive than for the internal model. The disclosure of validation tools may result in alignment of validations performed across the market; however we do not believe this would improve the overall quality of the validation process.	
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4.25.	We disagree with any requirement to also describe intangible assets valued at nil. For the recognition of intangible assets, there has to be an active market.	
4.26.	We believe that the fair value hierarchy of IFRS 7 deviates from the described requirements in this paragraph. We would therefore propose consistency to IFRS by not differentiating between "quoted prices in active markets for similar assets" and "inputs other than quoted prices in active markets for identical or similar assets", that are observable for the asset directly (i.e. as prices) or indirectly (i.e. derived from prices)".	
4.27.	Non-observable input parameters are only used if market input parameters do not exist. Therefore it is not possible to calculate the interdependencies between these parameters.	
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4.36.	The calculation of deferred taxes is defined by using the requirements according to IAS 12. The reference/comparison to the accounting financial statements should be deleted. This is not a requirement of the draft Level 2 text. We do not support disclose of actual tax losses. The actual tax losses are included in the Solvency II balance sheet entry that is being tested for recoverability, rather than the real world tax loss.	

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4.37.		
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4.42.	We assume that this explanatory text would only apply if different valuation methods exist between Solvency II and financial accounting. Solvency II valuation generally excludes own credit spread effects therefore if these are not also considered in an undertaking's financial statements, it should not be required to calculate them on an artificial basis under Solvency II.	
4.43.	Please refer to paragraph 4.42.	
4.44.	Please refer to paragraph 3.20.	
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4.50.	Employee benefits should be disclosed only on a net basis. Separation of "benefit plan assets" and "pension obligations" is not included in the draft Level 2 text and it also exceeds the disclosure requirements in IAS. For these reasons, we propose to delete this paragraph.	
4.51.		
4.52.	Please refer to paragraph 4.50.	
4.53.	Please refer to paragraph 4.50.	

4.54.	It should not be required to provide any comparison between accounting and Solvency II valuations. The whole solvency II paradigm differs from a lot of European countries local GAAP standards. Explaining the differences would be very burdensome and does not add any value for readers. Moreover, those differences are not entity specific but country specific. Thus the SFCR is not the place to explain differences between the two frameworks.	
4.55.		
4.56.	Please refer to paragraph 4.36.	
4.57.	Please refer to paragraph 4.36.	
4.58.	There is an understandable desire for consistency in reporting solvency ratio, however, we would urge EIOPA to also consider whether this standard ratio of eligible own funds as a percentage of SCR provides a meaningful and fair comparison between different types of business and in particular between open funds and closed funds, for example, undertakings who continue to write new business and those who do not. There are differences between the reporting of each type of business in terms of the calculation of eligible own funds and SCR which could cause bias in the ratio.	
4.59.	Please refer to paragraph 4.58.	
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4.62.		
4.63.	We expect that security and contingency planning of the internal model would be drafted and disclosed. In general, information on internal models may be commercially sensitive. The larger reporting of information on internal models should be directed to the supervisor only.	
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4.66.		
4.67.	We believe this information is more a subject for supervisory reporting rather than public disclosure. An approved Internal Model will have already gone through the approval process. As a general rule, detailed information on (group) internal models should be reported only to the solo or group supervisor.	
4.68.		
4.69.	Please refer to paragraph 4.63.	
4.70.	Only a brief description of the data and the processes underlying data quality should be required for public disclosure. The judgement of supervisors should provide sufficient confidence in the undertaking's systems without having to provide extensive verification on data quality.	
4.71.	Please refer to paragraph 3.37 for comments on solo undertakings being required to report information on all (if appropriate) their subsidiaries and branches.	
4.72.		
4.73.	Please refer to paragraph 3.37 for comments on solo undertakings being required to report information on all (if appropriate) their subsidiaries and branches.	
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4.76.	Please refer to paragraph 3.39.	
4.77.	Please refer to paragraph 3.39.	
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4.81.	Please refer to paragraph 4.8.	
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4.85.	The CEA proposes the following redrafting suggestions: "The information provided on the integration of the remuneration policy and practices into the risk management system should not be limited to the elements provided in the SFCR, i.e. fixed/variable components and performance criteria, but encompass any incentive mechanism regarding remuneration that could induce excessive risk taking in relation to the risk tolerance limits of the undertaking.	
4.86.	Please refer to paragraph 3.45.	
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4.96.	While EIOPA reiterates that pre-defined events are reported only for supervisory purposes, we do not see the purpose of requiring an update to the SFCR. An update to the information provided for supervisory purposes should be adequate following	

	such an event. As a general comment, any updates to the SFCR should be presented as an addendum and not require redrafting of the report.	
4.97.		
4.98.		
4.99.	Please refer to paragraph 4.96.	
4.100.		
4.101.		
4.102.	Guidance on what constitutes a "significant IGT" should be consulted upon in separate guidelines on IGTs so the issue can be discussed in context.	
4.103.		
4.104.	We would expect that supervisors explain why they eventually reject the proof for non-disclosing information. If the permission remains valid only as long as the reason for non-disclosure continues to exist as stated under the draft Level 2 text, we would expect that supervisory authorities shall explain why their permission is withdrawn. The framework directive does not require undertakings to "prove" the fulfilment of conditions for non-disclosure therefore we question whether burden of proof on the undertaking has a legal basis. Clarification from EIOPA would be helpful that the list they have provided to accompany this guideline is non-exhaustive.	
4.105.		
4.106.		

4.107.	Please refer to paragraph 3.59.	
4.108.	Please refer to paragraph 3.59. The guidelines determine that the RSR is a stand-alone document, which should not contain any reference to other documents. This is contrary to the SFCR report where references are allowed. By restricting the opportunity to make cross references will trigger an additional work load as the undertaking would be required to supplicate reporting of information which is already submitted to the supervisor. Moreover, the complexity of reporting is increased and coordination within the undertaking will be more complicated. We remind EIOPA that this requirement is not in line with the draft Level 2 text.	
4.109.		
4.110.	Please refer to paragraph 3.36 and 3.63 for comments related to data quality. Furthermore, the Guideline no longer refers to "accuracy" however paragraph 4.110 still does – this should be changed.	
4.111.	Please refer to paragraph 3.36 and 3.63 for comments related to data quality.	