

SOLVENCY II

REPORTING AND DISCLOSURE: QUANTITATIVE REPORTING TEMPLATES

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eiopa

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1. Introduction

- 1.1. This document is provided in addition to EIOPA's Opinion on the 2020 review of Solvency II. It covers the Individual Quantitative Reporting Templates (QRTs) at solo and group level, including Financial Stability Reporting and aims to provide stakeholders the full view of the future reporting and disclosure requirements, as a complement of the legislative proposals in this area covered by the Opinion. The information on this document on the templates proposed for deletion, templates proposed for simplification, new templates proposed for inclusion and the revision and inclusion of new risk-based thresholds is of particular relevance to fully understand the reporting and disclosure framework envisaged by EIOPA, in particular the application of the proportionality principle in reporting requirements.
- 1.2. Based on the proposals included in this document EIOPA will propose amendments to the ITSs on reporting and disclosure and will revise the EIOPA Guidelines on Financial Stability Reporting in accordance with its mandate.

DISCLAIMER: Additional changes to the QRTs might come also from the other areas of the review of Solvency II, however would need to be implemented later in the ITS (after the legislative amendments)

2. Quantitative Reporting Templates (QRTs) at solo and group level

2.1. Identification of the issues

- 2.2. This part of the Report deals with the templates for the submission of information to the supervisory authorities (QRTs).
- 2.3. For this revision when analysing the QRTs EIOPA focused on the following questions:
 - Were the QRTs used and if yes whether regularly or ad-hoc;
 - What is the main use by the NCAs;
 - Can regular reporting be eliminated;
 - Can regular reporting be reduced, e.g. with a threshold;
 - Can different granularity in a different template replace this information;
 - If template is proposed to be kept, is there an information that is missing;
 - If the information reported according to the actual framework provides all necessary information for supervisors.
- 2.4. The current proposal includes the QRTs analysed by EIOPA taking into account the feedback received during the call for Input, the comments received during the consultation phase and the use of the different QRTs. Each QRT section includes a proposal for the way ahead. The analysis of each QRT also took into consideration the discussions reflected in the document on General issues on proportionality principle, Q4 reporting, etc.

2.5. The section includes all QRTs applicable either at solo or at group level.

2.1.1 S.01.01 - Content of submission

2.1.1.1 Identification of the issue

- 2.6. Template S.01.01 is a core template, both at annual and quarterly reporting, and describes the content of each submission sent to NSAs. It allows supervisors to assess completeness and coherence of the submission.
- 2.7. No major issues reported but when using it for the purposes for example of EIOPA Report on Reporting Exemptions and Limitations inconsistent reporting of options on exemptions were identified.

2.1.1.2 Analysis

- 2.8. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Improve close lists and the instructions to ensure higher consistency of reporting

2.1.1.3 Conclusion

- 2.9. **Considering that this template is core to the submission and to allow supervisors to assess completeness and coherence of the submission EIOPA proposes the following improvements to the template applicable both at solo and group level:**
- **Improve the instructions on when to use the “exemption” option or the “non business” option;**
 - **Adapt the template to reflect the proposed risk-thresholds;**
 - **Reflect the deleted and new templates resulting from this opinion;**
 - **Aligned the inconsistencies between the options across different entry points;**
 - **Clarify the instructions that when a template is submitted only with zeros or without figures, then S.01.01 should indicate one of the “non reported” options.**
- 2.10. **The proposed changes are to be implemented via ITS amendment.**

2.1.2 S.01.02 - Basic information

2.1.2.1 Identification of the issue

- 2.11. Template S.01.02 is a core template, both at annual and quarterly reporting, and includes all relevant information that characterise the insurance or reinsurance undertaking reporting information, including methods used for calculation of the SCR or use of LTG as well as relevant information on the information such as reference date, type of submission, etc.
- 2.12. It is considered a crucial template that allows supervisors to better interpret and analyse the information submitted in the remaining reporting package.

2.1.2.2 Analysis

- 2.13. EIOPA considered the following options:

- 1) Keep template as in current ITS
 - 2) Improve with relevant information which will empower the use of the remaining reporting package
- 2.14. Considering that without proper basic information other parts of the information being submitted are difficult to interpret, to put into context and to draw conclusions from it is important to have a Basic information template as complete as possible. This would reduce the number of ad-hoc requests moving forward.
 - 2.15. EIOPA has identified a number of gaps that propose to include them in the template.
 - 2.16. In addition the data point modelling of R0210 should be revised, considering as well a similar cell in the entry point of third country branches.

2.1.2.3 Conclusion

2.17. EIOPA proposes to add the following information to the basic information template applicable both at solo and group level:

- R0020 – make LEI as mandatory (and delete R0030). This is consistent with the need for higher standardisation and use of international standards, with EIOPA Guideline on LEI and with MiFIR. It is fundamental that by now all insurance and reinsurance undertakings already have a LEI¹.
- New rows to identify:
 - Legal form of the undertaking, in particular to identify mutual (and similar types of) undertakings. This is important due to their specific nature and specificities to have into account when supervising;
 - captive business (when undertakings comply with definition as described in the Directive);
 - Run-off business (when undertakings do not accept new contracts for any LoB even if new premiums still exist from existing contracts – definition to be further defined as an outcome of the work on supervisory convergence regarding supervision of run-off business²);
 - M&A during the period - flag to identify if mergers or acquisitions affecting the information reported occurred during the reporting period;
 - URL for the SFCR Link to the SFCR when available in the website.

2.18. The proposed changes are to be implemented via ITS amendments.

¹

https://www.esrb.europa.eu/pub/pdf/recommendations/esrb_recommendation200924_on_identifying_legal_entities-48af8b46b0.en.pdf?a233c759c3cb951f4ec21aee22bd57a3

² https://eiopa.europa.eu/Publications/Reports/EIOPA_2018_SupervisoryActivities_April2019.pdf

2.1.3 S.02.01 - Balance-sheet

2.1.3.1 Identification of the issue

- 2.19. Template S.02.01 is a core template, both at annual and quarterly reporting, and should be a stable and reliable template as it is the basis for all the remaining reporting and a number of validations apply between the balance-sheet and other templates. In this sense the Instructions should not raise any doubts.
- 2.20. The Balance-sheet is required considering two different valuations: Solvency II and financial statements. In this sense it is also important to reflect on the potential impact/no impact of the IFRS17.

2.1.3.2 Analysis

- 2.21. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Improve with relevant information
- 2.22. The following amendments were considered under the option to improve the template with relevant information (with detailed information in the Consultation Paper):
- The risk margin gross or net of transitionals on Technical Provisions;
 - The balance sheet template by matching adjustment portfolio;
 - Inconsistencies between Solvency II and CRD, namely regarding different definitions for the bonds and loans;
 - Balance Sheet item "Government bonds" definition;
 - Details on Debts owed to credit institutions (R0800) and Financial liabilities other than debts owed to credit institutions (R0810) as in the ECB add-on template would be relevant information for supervisors as well;
 - Clarification of the definition of Insurance and intermediaries' receivables, Reinsurance receivables, Insurance and intermediaries payables, Reinsurance payables and Reinsurance recoverable;
 - In addition to the accounting Balance-sheet, it is important to receive information on accounting equity and reserves;
 - Information on deferred taxes and LAC DT.
- 2.23. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.
- 2.24. Considering the comments received regarding the importance of keeping this template as stable as possible and the concerns with the many minor changes in different templates EIOPA advice is to minimise as much as possible the approach towards the Balance-sheet.

2.1.3.3 Conclusion

2.25. EIOPA proposes to add the following amendments to the balance-sheet template applicable both at solo and group level:

- Change the definition of Government bonds so that all Government Bonds are showed as such regardless of the SCR treatment.
- Clarify the instructions of Receivables/payables and Reinsurance recoverables.

2.26. The proposed changes will be implemented via amendments of the ITS.

2.1.4 S.02.02 - Assets and liabilities by currency

2.1.4.1 Identification of the issue

- 2.27. Template S.02.02 is not a core template and currently already includes a risk-based threshold. The template is not required to be submitted if one single currency represents more than 90% of assets and also of liabilities.
- 2.28. The template includes information on both assets and liabilities. For the assets covered by the list of assets this is redundant information. The analysis of this template reflected on the need to keep the information on assets given the major (not full) duplication with the list of assets as well on the adequacy of the threshold.

2.1.4.2 Analysis

2.29. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Simplify the template regarding items

2.30. In addition, as part of the overall proportionality approach, the threshold adequacy was assessed.

2.31. The information on the currency is available in the list of assets. Template S.02.02 includes assets which are not reported under the list of assets but this is not material for most undertakings, except for the item Reinsurance recoverables. Considering the need to streamline the reporting package it is proposed that this template covers only the liabilities per currency. However, the template S.31.01 would need to include information by currency for the Reinsurance recoverables.

2.32. Regarding the liabilities per currency, the template does not need to be reported if the reporting currency represents more than 90% of the total liabilities. After assessing the impact of decreasing the threshold to 80% EIOPA proposes to further amend the threshold and decrease it to 80%.

2.33. Stakeholders also requested that the situation on how to treat negative technical provisions should be clarified. EIOPA clarifies that when a specific coverage is requested this should be considering the notional amount and no netting of technical provisions between different LoBs. This should be applicable in all templates with thresholds using Technical provisions value.

2.1.4.3 Conclusion

2.34. EIOPA proposes to:

- Delete the assets part of the template (and add currency in S.31.01);
- Keep the liabilities part of the template;
- EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.
- Clarify treatment of negative TP: when a specific coverage is requested this should be considering the notional amount and no netting of technical provisions between different LoBs.

2.35. The proposed changes are applicable both at solo and group level and will be implemented via amendments of the ITS.

2.1.5 S.03.01 - Off-balance sheet items – General

2.1.5.1 Identification of the issue

- 2.36. Template S.03.01 is a non-core template and provides information on off-balance-sheet limited guarantees.
- 2.37. The analysis of this template took into account the proportionality principle and the proposed deletion of templates S.03.02 and S.03.03.

2.1.5.2 Analysis

- 2.38. Two options have been considered:
- 1) Keep template as in current ITS
 - 2) Improve, also considering the deletion of S.03.02/S.03.03
- 2.39. In addition, as part of the overall proportionality approach, the definition of a threshold was discussed.
- 2.40. The template is considered as generally fitting the purpose as it stands (even if improvements were identified as referred below) however, considering the deletion of S.03.02 and S.03.03 it is important to include in this template two cells indicating if the undertaking holds any unlimited guarantee provided and received. This would allow supervisors to trigger further supervisory actions such as consulting the appropriate other sources of information for more information on unlimited guarantees.
- 2.41. As for the remaining template EIOPA considered the following additional information:
- For R0030 "Guarantees received by the undertaking, including letters of credit" further split the information in:
 - Value of guarantee provided by central government,
 - Value of guarantee provided by RGLA,
 - Value of guarantee provided by other third parties.
 - For R0040 "Guarantees received by the undertaking, including letters of credit, of which, guarantees, including letters of credit received from other undertakings of the same group" ask for additional information on "Of which, partial guarantees recognised for type 2 mortgage loans exposure"

- 2.42. EIOPA believes that even if the above information is relevant additional sources of information are valid and the information on partial guarantees might be difficult to report. Therefore it does not propose any additional amendment on its content.
- 2.43. Regarding the proportionality principle EIOPA believes a risk-based threshold may be considered but considering the comments received proposes to simplify the thresholds. The template would be due when any of the following apply:
- Undertakings have any unlimited guarantees received or provided;
 - Amount of any of the following additions is higher than 2% of the total Assets:
 - R0010/C0020: Guarantees provided by the undertaking, including letters of credit + R0300/C0020: Total collateral pledged + R0400/C0010: Total Contingent liabilities
 - R0030/C0020: Guarantees received by the undertaking, including letters of credit + R0200/C0020: Total collateral held.
- 2.44. Taking into consideration market participants doubts raised in Q&A it will be clarified that the pool of assets that secure the investment (e.g. the pool of asset that are a collateral for covered bonds) should not be reported in S.03.01 template. The answer on Q&A 872 will be revised.
- 2.45. It will also be clarified that the value of the collateral shall be reported as the economic value of the collateral at reference date (Solvency II value of the assets), not as the risk-adjusted value of a collateral according to article 197 of the Delegated Regulation.

2.1.5.3 Conclusion

2.46. EIOPA proposes in S.03.01 to:

- Add two cells on the existence of unlimited guarantees received/provided;
- Clarifications concerning the scope of S.03.01 and the value of the collateral;
- Introduce a risk-based threshold. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.47. The proposed changes are applicable both at solo and group level and will be implemented via amendments of the ITS.

2.1.6 S.03.02/S.03.03 - Off-balance sheet items - List of unlimited guarantees received by the undertaking and Off-balance sheet items - List of unlimited guarantees provided by the undertaking

2.1.6.1 Identification of the issue

- 2.48. Templates S.03.02 and S.03.03 are non-core templates and they complement the information provided in template S.03.01 by providing an item-by-item list

of unlimited guarantees received and provided while S.03.01 provides information on limited guarantees. During the analysis performed by EIOPA it was acknowledged that both templates are not regularly frequently used as NCAs receive information from other sources e.g. part of the statutory account which they prefer to use.

2.1.6.2 Analysis

2.49. Based on the above stated EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Delete both templates

2.50. EIOPA believes that item by item information on unlimited guarantees is relevant for supervisory purposes given exactly the “unlimited” feature, especially the guarantees provided. However it acknowledges that other sources of information may be used considering as well the amount of unlimited guarantees at stake.

2.1.6.3 Conclusion

- 2.51. **EIOPA proposes to delete both S.03.02 and S.03.03 from the reporting package.**
- 2.52. **The proposed changes are applicable both at solo and group level and will be implemented via amendments of the ITS.**

2.1.7 S.04.01 - Activity by country

2.1.7.1 Identification of the issue

- 2.53. Template S.04.01 is a core annual template that collects information on business performed outside the home-country and shall be reported distinguishing between the home country, each of the other countries belonging to the European Economic Area and material non-EEA countries.
- 2.54. Information on business transacted on a cross-border basis is needed for a variety of statistical and prudential purposes. Information sharing between Member States is mandated by Article 159 of the Solvency II Directive and NCAs must gather the information required to meet these information sharing requirements. In addition EIOPA Decision of the Board of Supervisors on the collaboration of the insurance supervisory authorities of the Member States of the European Economic Area establishes provisions relating to the collaboration of the insurance supervisory authorities of the Member States of the European Union, including sharing of information.
- 2.55. The supervisory assessment of the solvency position of undertakings carrying out cross-border insurance business, particular that of a long-term nature, is complex due to the need for the Home NCA to assess the ability of the undertaking to understand the local specificities of the market(s) in which they are operating. In order for the NCA to perform effective and efficient supervision, it is necessary to gather (and, where relevant, share) information on the cross-border business carried out by the undertaking.

- 2.56. While the level of detail sought in a particular case should reflect the supervisory assessment of whether the activity represents an elevated risk, there is nevertheless a base level of information that NCAs require on a regular basis for routine supervision of cross-border exposures (including information on technical provisions).
- 2.57. The current Solvency II reporting package collects information on cross-border business across a number of templates: S.04.01 (Activity by country), S.04.02 (Information on class 10 in Part A of Annex I of Solvency II Directive, excluding carrier's liability), S.05.02 (Premiums, claims and expenses by country), S.12.02 (Life and Health SLT Technical Provisions - by country) and S.17.02 (Non-Life Technical Provisions - By country).
- 2.58. EIOPA believes it is crucial to improve the information available on cross-border business, including business in non-EEA countries. During 2018 the Report from the European Court of Auditors³ highlighted the following:
- “Although insurance services in the past were mainly provided by subsidiaries established in the relevant country, many insurers have started to provide more cross-border services via branches or in a direct capacity (based on the Freedom of Establishment or respectively Freedom of Services envisaged under the Single Market). In 2016, 750 insurers provided business worth 59 billion euros to other European Economic Area (EEA) Member States without a local subsidiary (see Figure 5). While cross-border business allows insurers to reduce their administrative and regulatory burden, the current system creates the wrong incentives for insurers and supervisors.
 - This leads to a situation where NCAs supervise business in other Member States without having to bear the consequences of poor supervision, because it has no impact on the home market. They also often lack sufficient knowledge of national specifications and laws. Furthermore, the Member State in which the service is provided needs to rely fully on the supervision of the home supervisor of the insurer without exerting influence over the supervision process. This system has not been designed to supervise a Europe-wide market in a way that is effective and based on EU citizens' interests. Several NCAs confirmed that the current supervision of cross-border business and cooperation is unsatisfactory (see Box 2).”
- 2.59. Also in EIOPA “Report to the European Commission on Group Supervision and Capital Management with a Group of Insurance or Reinsurance Undertakings, and FoS and FoE under Solvency II”⁴, issued in December 2018, the following could be read in paragraph 1.77:
- “EIOPA is of the view that the information regarding cross-border business be enhanced in the Solvency II reporting package given its importance from a prudential perspective. The current requirements were designed to comply solely with Article 159 of the Solvency II Directive which is mainly addressing

³ <http://publications.europa.eu/webpub/eca/special-reports/eiopa-29-2018/en/>

⁴

https://eiopa.europa.eu/Publications/Reports/Report%20on%20Article%20242%20COM%20Request_FIN_AL%2014%20Dec%202018.pdf

statistical needs and should be reviewed having in mind prudential needs of both home and host supervisors.”

2.1.7.2 Analysis

2.60. EIOPA considered the following options:

- 1) Keep template as in current ITS;
- 2) Consolidate all templates with cross-border information and simplify the current templates;
- 3) Change and consolidate as much as possible the current templates with cross border information to improve the relevance of the information gathered for prudential and statistical purposes.
- 4) Retain the existing templates on technical provisions by country while replacing the existing S.04 templates with a revised version adding the location of risk information on premiums, claims and expenses.

2.61. The option to change the valuation basis were not considered given the comments received during the Call for Input.

2.62. Regarding the impact of IFRSs in all templates where accounting valuation is used, EIOPA would like to clarify the following:

- IFRS 17, once applicable, will be part of the IFRSs ‘GAAP’ to be used alongside other local GAAPs;
- IFRS 17 does not require a P&L that is similar to the Insurance Accounting Directive, meaning that there will not be ‘earned’ or ‘written premiums’ in a P&L under IFRS 17. However, the concept of premiums exists and is embedded in IFRS 17’s disclosure requirements;
- The instructions refer to the accounting Directives that will continue to be in force;
- No impact on the templates are foreseen from the adoption of the IFRS 17.

2.63. The following amendments were considered under the option to change the templates:

- Consolidate the existing information requirements into a single template capturing both location of underwriting and location of risk information;
- Addition of new fields to existing S.04.01 to disaggregate commissions for the total acquisition costs currently reported;
- Addition of new fields to existing S.04.01 to capture information on number of insured and contract;
- Replacement of the existing templates with a new series of templates which better facilitate the collection of the required information.

2.64. This template is considered as core so no proportionality threshold was considered.

2.1.7.3 Conclusion

2.65. EIOPA believes that the collection of additional information on cross-border insurance business is required to enable the effective supervision of these business models and ensure that all policyholders and beneficiaries receive equal treatment regardless of their nationality or place of residence. The proposal reflects the evidence gathered over the last years.

2.66. EIOPA proposes to delete the existing templates which capture information on premiums, claims and expenses for cross border business (S.04.01, S.05.02) from the reporting package and replace these with a new S.04.03 matrix approach which captures the line of business, the relevant underwriting entity (i.e. head office or branch) and geographical split by both location of underwriting and location of risk.

2.67. These templates should entail:

A listing of all EEA and non-EEA branches of the insurance undertaking;

Template with cross-border business from an underwriting perspective aiming in particular the supervision of cross-border business. This will take the form of an annual template with information, by line of business and for each of the entities identified in the first template, on the premiums, claims, expenses and commissions. Details will be required to be split between the country of establishment and business written on the basis of Freedom to Provide Services (FPS), with the information on FPS being provided on a country-by-country basis. This template would not have any threshold as NCAs need to know all cross-border business performed.

Template with cross-border business from a location of risk perspective aiming in particular the supervision of risks. This will take the form of an annual template with information, by line of business and for each of the entities identified in the first template, on premiums, claims and expenses. Details will be split on a location of risk basis and at the level of the individual country (for both EEA and non-EEA business).

2.68. As a consequence of deleting S.05.02, a template currently used for public disclosure purposes will no longer be required in the supervisory reporting package. To ensure on-going alignment, EIOPA proposes to introduce a revised approach of the new template to the disclosure of business by geographical area which aligns the public disclosure to revised supervisory reporting. This will include an explicit mapping between the revised supervisory reporting and the disclosure template.

2.69. The proposed changes will be implemented via amendments of Commission Implementing Regulation (EU) 2015/2450 (the ITS on submission of information to supervisory authorities).

2.1.8 S.04.02 - Information on class 10 in Part A of Annex I of Solvency II Directive, excluding carrier's liability

2.1.8.1 Identification of the issue

2.70. Template S.04.02 is a core template designed according to Article 159 of directive 2009/138/EC to collect specific information in relation to freedom to provide services performed by the undertaking and by EEA country, identifying separately the business performed by branch and through freedom to provide services.

2.1.8.2 Analysis

2.71. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.72. This template is considered as core so no proportionality threshold was considered.

2.1.8.3 Conclusion

2.73. **EIOPA proposes not to change template S.04.02 applicable only at solo level.**

2.74. **No changes in the legal framework are needed.**

2.1.9 S.05.01 - Premiums, claims and expenses

2.1.9.1 Identification of the issue

2.75. Template S.05.01 is a core template, reported both at annual and quarterly frequency. Information is used to calculate financial indicators and generate various analyses. The template is reported from an accounting perspective, i.e.: Local GAAP or IFRS if accepted as local GAAP but using Solvency II lines of business, as defined in Annex I to Delegated Regulation (EU) 2015/35. It provides information on Premiums written, Premium earned, Claims incurred and Expenses incurred.

2.1.9.2 Analysis at solo level

2.76. The following options have been considered:

- 1) Keep template as in current ITS
- 2) Extend the template according to the accounting Directive 91/674/EEC
- 3) Simplify the template - only total, information by LoB only from national specific reporting
- 4) Change/ improve the template with relevant information
- 5) Extend the quarterly template in line with the annual

2.77. The following amendments were considered under the option to extend the template according to accounting directive:

- According to the regulation, the template shall be reported from an accounting perspective, i.e.: Local GAAP or IFRS if accepted as local GAAP but using Solvency II lines of business. For the individual items the definition of the accounting directive 91/674/EEC is referred to. However the table does not include all items of the profit and loss account or even of the technical account, therefore it is not possible to calculate/find out a profit or even a technical result from current version of S.05.01. It would be useful to refer to all items of the profit and loss account. In that way it would be possible to have a complete overview.
 - “Balance on the technical account” in life and non-life insurance would provide information about the company’s technical business.
 - “Bonuses and rebates” and “Change in the equalization provision” are missing from an accounting perspective.
 - “Investment result” and “Investment charges” should be included as part of the technical account. “Investment result” should be added by LoB especially in life insurance in order to have all related income and expenses in this template and because the profit or loss of life insurance companies is nowadays mainly driven by investment results.

2.78. Solvency II is a prudential regime and it does not have a “profit or loss account”. The requested information duplicates information usually provided in the financial statements.

2.79. We considered the need for the information on accounting valuation for prudential supervision. One of the major principles within Solvency II is the economic view. The reporting of this data does not provide additional information to the supervisory authorities as insurers are already required to produce financial statements based on local GAAP or IFRS as adopted by the EU. The S.05 template is one of the most contested QRTs given that it is difficult to reconcile with the information from the insurer’s financial statements and it does not provide in the view of stakeholders relevant information for the insurer’s solvency position.

2.80. Abovementioned extension of the template according to the accounting directive was rejected as even if accounting profit and loss is relevant for supervisors, other sources should be used instead.

2.81. Regarding the impact of IFRSs in all templates where accounting valuation is used, EIOPA would like to clarify the following:

- IFRS 17, once applicable, will be part of the IFRSs ‘GAAP’ to be used alongside other local GAAPs;
- IFRS 17 does not require a P&L that is similar to the Insurance Accounting Directive, meaning that there will not be ‘earned’ or ‘written premiums’ in a P&L under IFRS 17. However, the concept of premiums exists and is embedded in IFRS 17’s disclosure requirements;

- The instructions refer to the accounting Directives that will continue to be in force;
 - No impact on the structure of the templates are foreseen from the adoption of the IFRS 17.
- 2.82. The following amendment was considered under the option to simplify the template according to accounting directive:
- Instead of S.05.01 by LoBs, the NCAs would use national reporting (P&L statement) and S.05.01 would consist only of item “total”.
- 2.83. In light of differed comments provided by stakeholders, it is has been decided to limit amendments relating to number of contracts, types of distribution arrangements, and commissions to S.14. Information on distribution channels is important to better understand how distribution structures work and possible risks which can arise thereof. These include for example concentration risks when products are distributed by banks belonging to the same financial conglomerate. Similarly, information on commissions is useful to understand possible risks which range from churning which can have an impact on insurer when intermediaries advice consumers to change products to receive commissions, to other operational risks relating to high sales/growth for certain products because of high commissions. Finally, in revising the S.14 template information on distribution channels and commissions has been simplified: information on distribution channels relates only to total premiums and information on commissions is only split between total commissions paid and commissions paid for new contracts.
- 2.84. EIOPA and NCAs use the S.05.01 template in various analyses and calculates several financial indicators that are subsequently used for supervisory purposes. The information by LoBs are important source of information and only total values would not provide sufficient source of data.
- 2.85. The following amendments were considered under the option to improve the template with relevant information:
- Number of contracts and Number of insured by LoBs is important source of information in order to monitor for example the development of premiums for the motor vehicle liability insurance and to be able to calculate gross and net loss ratio.
 - Commissions to intermediaries within the first year and after the first year should be also reported by LoBs in order to monitor for example excessive commissions.
 - Changes in other technical provisions could be deleted in order to maintain proportionality of the template and considering the fit-for-purpose.
 - The item “Other expenses” should be renamed “Balance – other technical expenses/income” and it should be defined as a balance between the other technical expenses and the other technical income. The rationale for adding other income (comprising other technical revenues not covered by above mentioned revenues in S.05.01 and these revenues shall not include non–technical revenues) is to have all related (correlated or compensated) income

and expenses in the template S.05.01. Currently, the template S.05.01 comprises other expenses and one of the main sub-items of other expense are expenses related to the creation of adjustments to receivables or write-offs. Therefore if the template S.05.01 comprises the creation of adjustments to receivables or write-offs, it should also comprises the release or use of these adjustments to receivables. But unfortunately in current version of S.05.01 these revenues are not included and therefore the obtained information from S.05.01 is distorted.

- Gross written premiums would be collected by different distribution channels. The distribution channels will need to be defined in the ITS (Direct business, Written via credit institutions, Written via other distributors). IDD takes an activity based approach, however, there is no common definition amongst Member States and different categories exist. From a prudential perspective this would allow more visibility on concentration levels amongst distribution channels – a high concentration could increase operational risks. It would also allow capturing information on bancassurance and having better visibility on business models and the overall functioning of group structure. This would also assist in the regular market monitoring work which EIOPA and NCAs need to perform to identify conduct risks – which could also lead to prudential risks – and would aim at eliminating double reporting/inconsistent reporting on distribution channels which NCAs have at the national level.
 - Clarify the cell C0300/R2700 (Total/Total amount of surrenders). In ITS (EU) 2015/2450 Annex II there is no instructions for the cell and it seems that the data point should not be reported. The current situation causes different understanding how to report: some undertaking does not report it, others report and fill with the sum of C0210 to C0280/R2700.
 - The template S.05.01.02 could include additional useful items: contract concluded (life and non-life), number of persons insured by the new contract (life), terminated contracts (life) during the reporting period), number of contract in force and number of persons/items insured (life and non-life) at the end of the reporting period; number of claims (life and non-life), number of annuities (life and non-life), number of claims paid then the contract was terminated at the end of the contract and before the end of the contract (life), claims paid.
- 2.86. It is important to prevent duplications between template S.05.01, S.04.03 and S.14.01, in particular regarding items “Number of contracts”, “Number of insured”, “Commissions” and items by the distribution channels. In the final Opinion EIOPA will take this into consideration and the three templates seen together should not have any duplications. For this Consultation Paper some items are included in both to assess stakeholders opinion on the adequacy of the information in each of the template.
- 2.87. Proposals regarding quarterly reporting:
- Quarterly reporting should be in the same detail as it is required for annual reporting in order to ensure proper analysis on quarterly basis.

- Administrative expenses, investment management expenses, acquisition expenses, claims management expenses, overhead expenses shall be presented with the same granularity as in the annual report.
 - The quarterly reporting might be split by the countries where the business is underwritten.
 - Total amount of surrenders should be included in the quarterly reporting and per line of business.
 - Investment management expenses should be reported separately from Expenses incurred (and also maybe not by LOB's but total) mostly from the perspective of quarterly reporting.
- 2.88. The split by countries for premiums, claims and expenses will be already included in the new S.04.03 template.
- 2.89. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.

2.1.9.3 Conclusion at solo level

- 2.90. The Total amount of surrenders will also be included in the quarterly reporting in order to provide information to supervise liquidity risk of the undertaking.
- 2.91. On the other hand items such as Changes in other technical provisions may be deleted.

2.92. EIOPA proposes in S.05.01 to:

- delete “Changes in other technical provisions”; and
- add the following information in the quarterly and annual template to improve the template:
 - Balance – other technical expenses/income (instead of Other expenses),

2.93. EIOPA proposes to add the total amount of surrenders to the quarterly reporting.

2.94. The proposal is applicable at solo level and will be implemented via amendments of the ITS.

2.1.9.4 Analysis at group level

2.95. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Amend the template in line with the amendments proposed at solo level
- 3) Delete the template

2.96. Considering the input received and the experience gained from group supervisors, it is understood that this template is the most efficient way to gather all group relevant information on premiums, claims and expenses by Solvency II line of business in a harmonised manner.

2.1.9.5 Conclusion at group level

- 2.97. EIOPA proposes to keep the template S.05.01.02 at group level with the same amendments envisaged at solo level.
- 2.98. The proposal will be implemented via amendments of the ITS.

2.1.10 S.05.02 - Premiums, claims and expenses - by country

2.1.10.1 Identification of the issue

- 2.99. Template S.05.02 collects information on premiums, claims and expenses by country. Information on cross-border business is crucial and EIOPA is proposing a revision on the way it is collected.

2.1.10.2 Analysis at solo level

- 2.100. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Delete this template and replace it by a general cross-border template

2.1.10.3 Conclusion at solo level

- 2.101. EIOPA proposes to delete this template due to the introduction of the new general cross-border template – S.04.03 (see proposal under S.04.01).
- 2.102. The proposal will be implemented via amendments of the ITS.

2.1.10.4 Analysis at group level

- 2.103. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Revise the template
- 2.104. EIOPA acknowledges the difficulties faced by the group to address different accounting standards but believe the information provided by country is relevant for group supervision. Information as in S.05.02 or similar should be reported at group level.
- 2.105. The information in S.05.02 is useful to supervisors and it would be difficult to rebuild the content of S.05.02 based on the new cross-border templates at solo level S.04.03.
- 2.106. It is worth noting that S.04.03.01 will capture all cross-border info from a solo perspective, and the new template will capture only EEA data (FoS and FoE) and non-EEA data written by EEA solo undertakings (e.g. reinsurance undertakings, captives writing on a non-admitted basis). The template will not capture info from non-EEA undertakings.
- 2.107. Based on the above, EIOPA is assessing if it is better to keep the S.05.02 at group level or require the new S.04.03 at a group level. If the latter option is considered, it would be a simplified version as at a group level it would not be needed the double approach location of risk/location of underwriting.

2.108. Although at first glance an alignment between solo and group would be best, it is also being considered that the S.05.02 at group level is built upon the consolidated accounts and therefore independent from the existence of a S.05.02 at solo level.

2.109. Therefore, the proposal at group level is narrowed down to the following options:

- 1) To keep current S.05.02 template at group level as it is.
- 2) To delete S.05.02 template for groups, acknowledging that the current information provided in S.05.02 will not be able to be "recreated" for groups as noted above.

2.110. Request the use of the S.04.03 at group level but to include all EU and non-EU subsidiaries.

2.1.10.5 Conclusion at group level

2.111. EIOPA will propose as part of the proposal to amend the ITS that the information is submitted at group level (template to be used still under discussion).

2.1.11 S.06.01 - Summary of assets

2.1.11.1 Identification of the issue

2.112. Template S.06.01 is a non-core template collecting information on the summary of assets. It contains a summary of information on assets and derivatives regarding the undertaking as a whole, including assets and derivatives held in unit linked and index linked contracts. This template is applicable only for the insurance and reinsurance undertakings exempted from the annual submission of information in templates S.06.02 or S.08.01.

2.1.11.2 Analysis

2.113. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Delete the template

2.114. The information included in this template was aimed to replace the information on the list of assets when S.06.02 or S.08.01 is not reported.

2.115. The experience so far shows that there is little use of this template and that above all the split by asset classes is inconsistent with S.06.02, and the additional information compared to what is reported in the Balance sheet is in practice very low.

2.1.11.3 Conclusion

2.116. EIOPA proposes to delete template S.06.01 both at solo and group level.

2.117. The proposal will be implemented via amendments of the ITS.

2.1.12 S.06.02 - List of assets

2.1.12.1 Identification of the issue

- 2.118. The List of assets template is a core template and contains already a set of reporting items which form a valuable input for the risk assessment performed by supervisory authorities both at solo and group level.
- 2.119. Financial markets are continuously changing, as well as the political, economic and social environment. Under this moving framework, there is a need to continuously improve the supervision of insurance undertakings, fostering policyholder protection and financial stability.
- 2.120. Experience from the past reporting history has taught supervisors some lessons as well, leading to the introduction of some refinements in the assets reporting.

2.1.12.2 Analysis at solo level

- 2.121. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Change / improve with relevant information
- 2.122. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.
- 2.123. With the aim to enhance the capacity of supervision and to incorporate some enhancements in the assets reporting, EIOPA proposes a set of changes, refinements and clarifications.
- 2.124. Also, the ESRB has issued Recommendation of 21 March 2019 amending Recommendation ESRB/2016/14 on closing real estate data gaps (ESRB/2019/3). Recommendation D 2. (b) requests information on flows and stocks of valuation adjustments on CRE direct investments, broken down into property type and property location. In S.06.02 it is collected already information on each property and the CIC allows the identification of CRE investments. Therefore only two additional items need to be collected: "Property type" and "Property location".

According with the definitions in the Recommendation:

- "Property type" - distinction between:
 - o residential, e.g. multi-household premises;
 - o retail, e.g. hotels, restaurants, shopping malls;
 - o offices, e.g. a property primarily used as professional or business offices;
 - o industrial, e.g. property used for the purposes of production, distribution and logistics;
 - o other types of commercial property.

- “Property location” – distinction between:
 - o Prime;
 - o Non-prime.

2.125. In addition, the current reporting requirements do only foresee limited information as regards the provisions of Art. 171a of the Delegated Regulation (LTE). Information on the amount of equity falling under the scope of Art. 171a is provided in the template S.26.01.01, which outlines the composition of the market risk. Therefore, further information relating to the criteria for application of LTE that allows supervisors to better understand the use and correct application of LTE is missing. The addition to S.06.02 the item “Long-term equity investment” (similarly to the item Infrastructure investment in C0300) both in the annual and quarterly Solo template will allow for an identification of the equity in scope of Art. 171a. This identification should be possible, also for funds, as a separate management of the equity in scope of LTE is required according to Art. 171a para 1 c).

2.126. Recognising that the financial, economic and social environment is changing fast, EIOPA considers that in order to keep fulfilling its supervision duties while not imposing additional cost to the insurance market, any change in the reporting requirements regarding the list of assets should be balanced with the recourse to complementary external financial information by national and European supervisors.

2.1.12.3 Conclusion at solo level

2.127. EIOPA proposes to add the following amendments to the list of assets template S.06.02 at solo level and CIC table:

- **Include ECB add-on items relevant for prudential supervision purposes (Write-offs/write-downs and Issue date);**
- **Additional item regarding Green bonds and ESG-compliant/sustainable investments;**
- **Additional data item on applicability of bail-in rules;**
- **Additional item on RGLA listed and not listed in the ITS (EU) 2015/2011, regarding assets classifiable with CIC ##13 and ##14;**
- **Additional item on crypto-assets related investments (‘crypto-asset’ means a digital representation of value or rights which may be transferred and stored electronically, using distributed ledger technology or similar technology). The flag to distinguish between high-risk crypto assets and stable coins;**
- **Additional item regarding Custodian LEI code;**
- **Require that the item “Custodian” is reported with a new option “No custodian” where there is no custodian for a specific assets;**
- **Additional items following ESRB Recommendation of 21 March 2019 amending Recommendation ESRB/2016/14 on closing real estate data gaps (ESRB/2019/3);**
- **The following improvements to the reporting instructions and to the definition of CIC codes, with the objective of provide specific clarifications and reflecting the outcome of Q&A on reporting:**
 - **S.06.02.C0100 (Asset pledged as collateral): Replace “One of the options in the following closed list shall be used for the pledged part**

of the asset" by "One of the options in the following closed list shall be used for the asset". The objective is to address misinterpretations of these instructions;

- S.06.02.C0120 (Custodian): amend the instructions in order to clarify that in those cases when no custodian exists due to the nature of the asset, then the item is also not applicable, and for assets stored in-house, the undertaking should be reported as the custodian;
- S.06.02.C0130, C0140, C0160, C0190, C0230 and C0280: clarify reporting for CIC09;
- S.06.02.C0200 and C0210 (Issuer name/Issuer code): Amend "Regarding CIC category 4 – Collective Investments Undertakings, the issuer name is the name of the fund manager" by "(entity)". The objective is to address misinterpretations of these instructions;
- S.06.02 C0240, C0250, C0260 (Issuer Group/Issuer Group code/Type of issuer group code): include in the instructions the outcome of Q&A 1411;
- S.06.02 C0240 (Issuer Group) and C0250 (Issuer Group code): amend the instructions in order to avoid misinterpretation when referring to CIUs, by replacing the second sentence by "For collective investment undertakings, the ultimate parent of the fund manager (entity) should be reported."
- S.06.02 C0240 (Issuer Group): amend the instructions in order to clarify the definition of issuer group;
- S.06.02 C0270 (Issuer Country): amend "EU: European Union Institutions" by adding "(as defined in Title III Article 13 of the Treaty (2016/C 202/01)". The objective is to clarify the instructions;
- S.06.02 C0270 ("Issuer Country"): improve the definition of option "XA" by adding the following "(public institutions established by a commitment between national states, e.g. issued by a multilateral development bank as referred to in paragraph 2 of Article 117 of Regulation (EU) No 575/2013 or issued by an international organisations referred to in Article 118 of Regulation (EU) No 575/2013, with exemption of 'European Union Institutions')".
- S.06.02 C0340 (Credit quality step): Include in the instructions a reference to the application of the mapping table prescribed in the Commission Implementing Regulation (EU) 2016/1800, in order to complete the reporting requirement understanding.
- S.06.02 C0350 (Internal rating): the reporting does not allow the reporting of the internal rating of an asset where that internal rating is used in the application of the matching adjustment. To overcome that, include in item "Internal rating" the requirement to report an internal rating for undertakings applying a matching adjustment to the extent that the internal ratings are used to calculate the fundamental spread referred to in article 77(c)(2) of the Directive.
- Improve the instructions regarding when items may/should be left empty.
- Consider the possibility of a mandatory report of the item "Fund number", which is already applicable to assets held in ring fenced funds, and that should be widely used in the case of or other internal funds, defined according to national markets, exist, in especial regarding funds (portfolios) supporting life products. Being a unique number (or code) assigned to each fund, used consistently over time,

would allow linking the information on assets, derivatives, look-through and the fund number reported in S.14.01;

- Definition XL/XT recurs to MiFID (“Identify assets that are not negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/EC. ”) – needs to be adjusted to MiFID II
 - Definition CIC 27: Replace “Art 22 para 4 of directive 2009/65/EG” by “Art 52 para 4 of directive 2009/65/EG” (obviously wrong reference when changing from old directive 85/611/EC)
 - Improve the definition of CIC 22 in order to accommodate, without doubts, all kinds of convertible bonds, and not restrict it to the ones convertible by the bond holder
 - Clarify the CIC definitions of Government bonds by including “bonds that are fully, unconditionally and irrevocably guaranteed by the European Central Bank, Member States' central government and central banks”, and that the CIC definitions of Government bonds include also government bonds not denominated in the domestic currency”
 - Identify separately with a CIC code Loans made to AMSB members and Loans made to other natural persons (CIC ##87 and CIC ##88).
- 2.128. Regarding ESRB Recommendation ESRB/2019/3 of 21 March 2019, EIOPA will analyse the best approach to collect the information needed. The following options are foreseen: add the items “Property type” and “Property location” to template S.06.02; Introduce a new template covering only detailed data on property, with the inclusion of these two items and removing property from S.06.02; Introduce a new template for collecting aggregated information regarding the same two items.
- 2.129. Regarding the need to obtain detailed information as regards the provisions of Art. 171a of the Delegated Regulation (LTE), it is proposed to add to S.06.02 the item “Long-term equity investment”.
- 2.130. At the same pace, EIOPA proposes that changes in the reporting requirements regarding the List of assets should be balanced with use of complementary external financial information by NCAs.
- 2.131. The proposals will be implemented via amendments of the ITS.

2.1.12.4 Analysis at group level

- 1) Keep template as in current ITS
- 2) Improve the template

2.132. With the aim to enhance the capacity of supervision and to incorporate some enhancements in the assets reporting, EIOPA proposes a set of changes, refinements and clarifications, identical to the ones proposed for solo reporting, along with a group’s specific one.

2.1.12.5 Conclusion at group level

2.133. The changes at solo level are applicable also at group level.

2.134. In addition, it is proposed to amend the second paragraph of the instructions for Issuer Code in S.06.02.04 to require the LEI code to be reported mandatorily in case of assets issued by EEA insurance and reinsurance undertakings and other EEA regulated undertakings and a

code to be provided by the group in case of assets issued by non-EEA undertakings and non-regulated undertakings within the scope of the group, in the meaning of Article 212(1)(c) of the Solvency II Directive.

2.135. The proposals will be implemented via amendments of the ITS.

2.1.13 S.06.03 - Collective investment undertakings - look-through approach

2.1.13.1 Identification of the issue

2.136. Template S.06.03 is a non-core template, both quarterly and annually, and collects information of the look-through approach of collective investment undertakings. This template contains information on the look through of collective investment undertakings or investments packaged as funds, including when they are participations, by underlying asset category, country of issue and currency.

2.137. The template already has risk-based thresholds in place:

- The template must be reported quarterly only when the ratio of collective investments undertakings held by the undertaking to total investments is higher than 30%;
- For the identification of countries and currencies the look-through should be implemented in order to identify the exposures of 90% of the value of the funds. In the case of country exposure, the 90% is calculated excluding the amounts related to CIC 8 and 9. Undertakings should have a reasonable confidence that the 10% not identified by country is diversified across geographical areas, for example that not more than 5% is in one single country.

2.138. This template contains already valuable input for the risk assessment performed by supervisory authorities. However, the experience from the past reporting history shown that important information is still missing, and consequently there is still limited usage in the supervisory review process. There is a clear conclusion that for an adequate assessment of CIUs in the undertakings' portfolios, additional information not included in S.06.03 is needed, in particular when those investments are material.

2.139. The cases of CIUs where the undertaking has influence on the investment strategy or when the undertaking performs a full look through of the CIU, are seen as situations where the undertaking already possesses relevant information which could be the basis for more detailed reporting. Moreover, in some circumstances these investments are material and in those cases the information available regarding investments is clearly deficient for the purposes of supervision of the prudent person principle.

2.140. Financial markets are continuously changing, as well as the political, economic and social environment. Under this moving framework, there is a need to continuously improve the supervision of insurance undertakings, fostering policyholder protection and financial stability.

2.141. Detailed information on individual securities is currently not available to competent authorities. Supervisory reporting in this respect could be made more efficient by supplementing or replacing some reporting requirements by making available other sources of reporting data to competent authorities.

2.1.13.2 Analysis

2.142. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Change / improve with relevant information
- 3) Change the materiality thresholds
- 4) Ask more detailed item-by-item information to specific CIUs
- 5) Remove the requirement to report in relation to CIUs exclusively in unit-linked products
- 6) Balance additional reporting requirements with the possibility to recourse to external sources

2.143. The following amendments were considered under the option to change / improve the template with relevant information:

- Require that in the item “Country of issue” is also reported regarding Mortgages and Loans and Property, in line with S.06.02. This would allow a more complete assessment on the risk of the location of the counterparty and on the property risk linked to the physical location of the property;
- Add item Fund number to assure linkage between S.06.03 and S.06.02/S.08.01/08.02/S.14 or other appropriate templates;
- Include the item “Asset held in unit linked and index linked contracts”. This column is foreseen in form S.06.02 (C0090), it seems that it was forgotten to include such a column in form S.06.03;
- Add item to identify exposures against financial institutions, as this is information regularly needed. This information is urgently needed for financial stability analyses and answering governmental policy questions and adding the item would prevent ad-hoc requests to undertakings.

2.144. The following was considered under the option to change the materiality thresholds:

- Increase the quarterly threshold from 30% to 50%;
- Decrease the quarterly threshold from 30% to 10%;
- Have also an annual threshold of 20%. Presently no exemption threshold is applied for annual reporting. However, Article 84 (3) of the Solvency II Delegated Acts allows firms to use data groupings up to 20% of the total value of the assets. The template S.06.03 could be aligned with the Delegated Acts so that the same level of granularity is required;
- Remove the thresholds completely to allow an overall market view.
- Reduce the thresholds to identify exposures by country to 80% in S.06.03

2.145. The current look through approach does not allow deeper insights about the kind, quality or quantity of assets within the CIU. This information is urgently needed for supervisory reasons as some undertakings materially invest in Collective Investment Undertakings. When this is the case the information on look-through is not considered enough and information similar to one received in the list of assets is needed for those undertakings. Therefore, the following was considered under the option to ask more detailed item-by-item information to specific CIUs:

- Keep the original S.06.03 template but make it applicable only in relation to the collective investment undertakings or investments packaged as funds, where the undertaking has no influence on the investment strategy or when the undertaking does not perform a full look through of the collective investment undertaking or investments packaged as funds and;
- Introduce a new template S.06.04, containing item-by-item information on the look through of collective investment undertakings or investments packaged as funds, including when they are participations. In any case, regarding funds of funds the look-through of the underlying asset categories shall be reported in S.06.03. This template is applicable only in relation to the collective investment undertakings or investments packaged as funds, where the undertaking has influence on the investment strategy or when the undertaking performs a full look through of the collective investment undertaking or investments packaged as funds. In order to mitigate the increased effort, in terms of timing and contractual arrangement with fund or portfolio managers, it is allowed that the undertaking uses for reporting the last known position of each collective investment undertakings or investments packaged as funds, in each quarterly reporting, with a fixed maximum delay of one month.

2.146. Regarding the option to remove the requirement to report in relation to CIUs exclusively in unit-linked products, it was argued by stakeholders that the application of look-through in S.06.03 in this regard is extremely burdensome to implement and to comply with. At the same time the impact of the exclusion of that piece of information would be insignificant for a risk reporting under Solvency II rules. The regulatory burden resulting from the look-through requirement could be significantly alleviated if unit-linked products were excluded or if a threshold for annual reporting was introduced, by analogy with the existing threshold for quarterly reporting. However, supervisory needs in this area have not changed and this option was not considered appropriate.

2.147. The discussion on this topic must be done in close relation with the proposed requirement to report information on CIUs on an item-by-item basis. In those cases where the undertaking doesn't have influence on the investment strategy and the CIU is only present in the portfolio of unit-linked assets, those CIUs could be excluded from look-through reporting.

2.148. The following was considered under the option to balance reporting requirements with the possibility to recourse to external sources, and as such not given raise to additional reporting requirements:

- This template does not cover information on individual securities. Simultaneously, detailed information on individual securities is currently not available to competent authorities. Supervisory reporting in this respect could be made more efficient by deleting reporting requirements that can be covered by making available other sources of reporting data to competent authorities, in particular data reported under the statistical mandate of the ESCB (in this case in particular Regulation (EU) 1073/2013 of the European Central Bank concerning statistics on the assets and liabilities of investment funds). This option is in line with the objective of reduction of duplications and inconsistencies between reporting frameworks within the financial sector but that would provide NCAs the necessary information to comply with their responsibilities, as identified in the Consultation Paper.
- Building on the outcomes of such exercise COM has identified in the “Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions on a Digital Finance Strategy” as well as in the strategy in the area of reporting the following priorities:
 - Promoting innovative IT tools to facilitate reporting and supervision: “By 2024, the EU aims to put in place the necessary conditions to enable the use of innovative technologies, including RegTech and SupTech tools, for supervisory reporting by regulated entities and supervision by authorities. It should also promote the sharing of data between supervisory authorities. Building on the outcomes of the fitness check of supervisory reporting requirements, the Commission, together with the ESAs will develop a strategy on supervisory data in 2021 to help ensuring that (i) supervisory reporting requirements (including definitions, formats, and processes) are unambiguous, aligned, harmonised and suitable for automated reporting, (ii) full use is made of available international standards and identifiers including the Legal Entity Identifier, and (iii) supervisory data is reported in machine-readable electronic formats and is easy to combine and process. This will facilitate the use of RegTech tools for reporting and SupTech tools for data analysis by authorities.”
 - “The Commission also aims to ensure that key parts of EU regulation are accessible to natural language processing, are machine readable and executable, and more broadly facilitate the design and implementation of reporting requirements. It will also encourage the use of modern IT tools for information sharing among national and EU authorities. As a first step in the domain of machine readable and executable reporting, the Commission has launched a pilot project for a limited set of reporting requirements.”
- EIOPA fully supports COM strategy in this area. In particular, the framework to create the conditions for efficient data sharing between competent authorities is crucial. When developing such a framework the following should be considered:

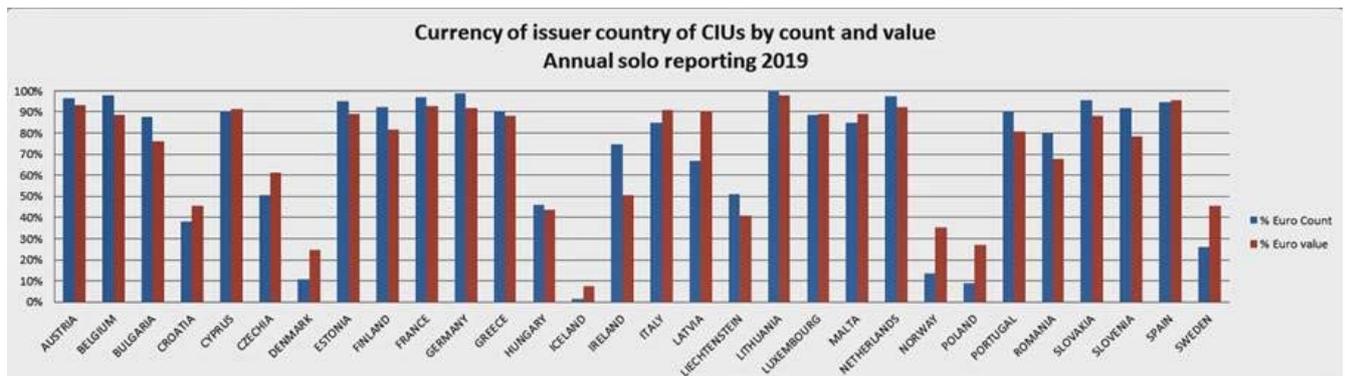
- Proper definition of competent authorities for specific data sets, including national and European authorities;
 - Data ownership issues - data collected by competent authorities via data sharing from other authorities should be treated similarly as data collected directly from the reporting agents;
 - Allocation of the task to facilitate this sharing at a European level.
- EIOPA interprets the publication of the Digital Finance Strategy and related documents as a clear sign from the COM regarding the path to take to avoid inconsistencies and overlaps. It also acknowledges that such objectives will take time to be fully implemented. The Strategy already gives some ideas in terms of timing (e.g. by 2024 the EU aims to put in place the necessary conditions to enable the use of innovative technologies). If we consider that after this milestone implementation projects are needed we can easily assume that before the end-2026 data sharing mechanisms between competent national and European authorities will not be in place for all identified areas.
 - The data for look-through of investment funds could be centrally provided by the fund managers instead of being reported separately by each insurance company which invests in the funds. Especially for mutual funds which are open to the public the current procedure is highly inefficient.

2.149. Considering the need for additional information to provide deeper insights about the kind, quality or quantity of assets within the CIU, particularly in a context where financial markets are continuously changing, as well as the political, economic and social environment, EIOPA proposes the following set of amendments with the objective of improving and updating the reporting requirements:

Introduction of S.06.04 as consulted only for the non-covered CIUs (some EEA non-euro and 3rd countries). For the EEA euro-zone, it would be possible to request it ad-hoc using the same template but this would not be introduced as a requirement due to the material implementation costs for only a temporary time horizon. If any national or other reporting framework is identified that would provide information on the non-euro zone CIU (e.g. voluntary reporting to ECB), the requirement would also not be applicable.

- Thresholds of both templates still under discussion.

2.150. Currency of issuer country of CIUs by count and value – annual reporting 2019



2.1.13.3 Conclusion

2.151. EIOPA proposes the following regarding look-through (S.06.03) applicable both at solo and a group level:

- Keep the original S.06.03 template with a different (reduced) scope;
- EIOPA proposed the COM to continue the implementation of the EU COM Digital Finance Strategy and development of the announced Supervisory Data Collection Strategy including potential legislative changes that would clarify and facilitate the use of data already reported within any European reporting framework by any relevant competent authority, both national and European;
- Prioritise the area of CIUs information in this analysis in order to propose the appropriate legal provisions that would allow the sharing of this information between competent authorities.
- Recommendation to EU COM to make legislative changes allowing EIOPA and all NCAs (not just Euro-NCAs) to have access to the ESCB statistics on the assets and liabilities of investment funds ([Regulation \(EU\) No 1073/2013 of the European Central Bank](#)) currently collected by NCB. In such case the full look-through is only mandatory for non-Euro CIUs not covered by the statistics. EIOPA will encourage non-Euro national central banks to share comparable statistics to cover non-euro funds if possible.
- Introduction of S.06.04 as consulted only for the non-covered CIUs (some EEA non-euro and 3rd countries). For the EEA euro-zone, it would be possible to request it ad-hoc using the same template but this would not be introduced as a requirement due to the material implementation costs for only a temporary time horizon. If any national or other reporting framework is identified that would provide information on the non-euro zone CIU (e.g. voluntary reporting to ECB) or if Members are in the process of joining euro-zone, the requirement would also not be applicable.
- Require that the item “Country of issue” is also reported regarding Mortgages and Loans and Property;
- Thresholds of both templates still under discussion.
- EIOPA recommends that from an operational perspective the flow would be NCB – ECB – EIOPA – NCAs for the European exchange of information.

2.152. The changes will be implemented via amendments of the ITS.

2.1.14 S.07.01 - Structured products

2.1.14.1 Identification of the issue

- 2.153. The structured products template is a non-core template. It contains an item-by-item list of structured products held directly by the undertaking in its portfolio, allowing to provide additional insight of those products' characteristics.
- 2.154. Structured products can vary in terms of risk exposure. It is recognised that this type of products can enclose significant risks that the undertaking should be able to recognise, manage and report on.
- 2.155. The template has a materiality threshold and must be reported annually if structured products in the undertaking's portfolio exceed 5% of total investments.

2.1.14.2 Analysis

- 2.156. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Simplify the template
- 2.157. The following amendment was considered under the option to reduce reporting items: the template could be significantly simplified by eliminating items C0120 to C0190 (Prepayment structured product, Collateral value, Collateral portfolio, Fixed Annual Return, Variable Annual Return, Loss given default, Attachment point, Detachment point).
- 2.158. In addition, as part of the overall proportionality approach, the threshold adequacy was assessed.
- 2.159. The option to remove the materiality threshold was also considered as it was argued that it would provide an overall market view by the NCA and EIOPA, and that any reporting thresholds lead to an increase in uncertainty and to an incomplete picture of the market.
- 2.160. On the other hand, it was argued that this template provides very limited additional insights, as the information is available in the external auditor's report in an in-depth way.
- 2.161. Given the recognition that structured products can enclose significant risks that the undertaking should be able to recognise, manage and report on, EIOPA considers that this template should be maintained as it is.
- 2.162. Considering that this template is non-core, a threshold should be kept continuing to ensure a proportional approach but no additional simplifications were agreed.

2.1.14.3 Conclusion

- 2.163. EIOPA proposes the following (in S.07.01) both at solo and group level:**
- **Keep the template**
 - **EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.**

2.1.15 S.08.01 - Open derivatives

2.1.15.1 Identification of the issue

- 2.165. Template S.08.01 is a core template, both quarterly and annually, and contains already a set of reporting items on derivatives open at the end of the reporting period which form a valuable input for the risk assessment performed by supervisory authorities.
- 2.166. This template contains an item-by-item list of derivatives held directly by the undertaking. It includes all derivatives contracts that existed during the reporting period and were not closed prior to the reporting reference date.
- 2.167. Financial markets are continuously changing, as well as the political, economic and social environment. Under this moving framework, there is a need to continuously improve the supervision of insurance undertakings, fostering policyholder protection and financial stability.
- 2.168. In Solvency II, reporting requirements such as (S.08.01 – open derivatives / S.08.02 – derivatives transactions) are in fact sometimes identified as a duplication of EMIR obligations. However, some important differences/issues need to be highlighted:
- EMIR is in force only since 2014 and therefore, for example, it is not possible to assess contracts in place before that date (those which are long term, like for example Interest Rate Swaps are generally quite relevant), and consequently compute the derivative positions at the end of the period;
 - EMIR is a transaction by transaction data and the computation of the derivative positions at the end of the period for each undertaking could be complex.
- 2.169. Nevertheless, the collection of information from EMIR database could be useful as a complementary source, for example in investigating problematic issues on an ad-hoc basis, or to assess the flow of risk in the contract, in those cases in which insurers trade with a counterparty, need to centrally clear and therefore need to go via a prime broker which is a clearing member.
- 2.170. To properly assess if the EMIR data could be used to replace the derivatives reporting EIOPA will engage with ESMA to establish access to the EMIR database and share relevant data and analysis with NSAs. Currently, not all NCAs have access to the EMIR database.
- 2.171. According to article 81 (3) of the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories both EIOPA (paragraph c)) and NCA (paragraph o)) shall have available from the trade repository the necessary information to enable them to fulfil their respective responsibilities and mandates. EIOPA currently receives some information directly from the trade repositories but not all the information. Legally it seems that the EMIR database may be made available to both EIOPA and NCAs and EIOPA will engage with ESMA to assess the possibilities from an operational perspective. When EIOPA

gains experience with the use of EMIR database and assess if the difficulties identified above can be overcome or not the need for template S.08.01 may be re-assessed.

2.1.15.2 Analysis

2.172. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Simplify the template

2.173. The following amendments were considered under the option to simplify the template:

- Eliminate information (items) which has been found of reduced usefulness;
- Clarify reporting instructions;
- Introduce new requirements such as: mandatory LEI, mandatory ISIN (i.e. derivative id code)

2.174. In addition, as part of the overall proportionality approach, the threshold adequacy was assessed, however EIOPA considers this template is a core template, and as such should not be subject to materiality thresholds. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.

2.175. Experience from the past reporting history has taught supervisors some lessons as well, leading to the identification of some possible refinements in the derivatives reporting.

2.176. Additional reporting requirements/issues found and clarifications:

- In the derivatives template S.08.01 the following fields are often missing or not applicable and may be dropped:
 - o Duration (C0230)
 - o Maximum loss under unwinding event (C0190):
 - o Number of contracts (C0170)
 - o Contract size (C0180)
- Main reason for not considering this option: EIOPA considers that this is a data quality issue. These items are needed for supervisory purposes and the quality of reporting issue should be addressed
- Remove reporting of ratings as it generates excessive costs.
- Main reason for not considering this option: Undertakings should use already external ratings to fulfil the Prudent Person Principle. Also the information regarding the external rating and nominated ECAI may be limited (not reported) through a decision of the national supervisory authority in the cases where the insurance and reinsurance undertakings have in place outsourcing arrangements in the area of investments that lead to this specific information not being available directly to the undertaking
- Consider the possibility to bridge the information collected in S.08.01 with the data in EMIR database (e.g. introduce requirements to describe the flow of risk in the contract in cases in which insurers trade with a counterparty,

need to centrally clear and therefore need to go via a prime broker which is a clearing member) – see above;

- Potentially redundant data requirements on S.08.01 (open derivatives) that contain information already included in EMIR reporting obligations to trade repositories (Commission delegated Regulation (EU) 2017/104) – see above;
- Introduce a transaction identifier to be able to link the template with the EMIR database. In future consideration should be given regarding the Unique Product Identifier.
- Template could be replaced by a highly aggregated table on derivative holdings (e.g. breakdown by derivative type) reporting totals.
- Main reason for not considering these options: EIOPA considers that only if it would be possible to get the relevant information from EMIR, it could be considered appropriate to reduce the Solvency II derivative QRTs.

2.1.15.3 Conclusion

2.177. EIOPA proposes the following (in S.08.01) applicable both at solo and group level:

- **Simplify the template in the following way by removing, clarifying and replacing specific items:**
 - o **Delete item: “delta”;**
 - o **Replace items: “Swap_delivered_Cur” and “Swap_received_Cur” by the new items “Swap delivered” and “Swap received”;**
 - o **Add the new item “Currency of price”;**
 - o **Require that the item “Counterparty code” is also reported for derivatives cleared through a central counterparty;**
 - o **Require that items “Counterparty code” and “Counterparty Group code” are always reported, even when a LEI code isn’t available, reporting a code attributed by the undertaking;**
 - o **Clarify that item “Notional amount of the derivative” shall be reported in the original currency;**
- **Add the item “unique transaction identifier” to make connection of EMIR and Solvency II data possible.**

2.178. The changes will be implemented via amendments of the ITS.

2.1.16 S.08.02 - Derivatives transaction

2.1.16.1 Identification of the issue

2.179. Template S.08.02 is a non-core template requesting an item-by-item list of closed derivatives held directly by the undertaking. Closed derivatives are the ones that were open at some point of the reference period but were closed before the end of the reporting period.

2.1.16.2 Analysis

2.180. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Delete the template

- 2.181. The aim of this template is to allow the supervisor to spot anomalous trading activity targeting a “make-up” of the risk profile of an insurer only at reporting dates. The existence, per se, of this template might reduce insurers’ incentives for this behaviour.
- 2.182. However, the reporting of this template is an additional burden to the already very detailed S.08.01. Therefore, template S.08.02 could be eliminated from reporting. When supervisors have reasons to believe that the derivatives reported at the end of each period does not reflect the derivatives strategy of the undertaking or the derivatives activity over the reporting period other supervisor actions need to be taken.
- 2.183. In order to be able to have a complete overview of anomalous trading behaviour on derivatives, the supervisor could make use of the EMIR database (in the future) or require additional information on an ad-hoc basis.

2.1.16.3 Conclusion

- 2.184. **EIOPA proposes to delete template S.08.02 both at solo and group level.**
- 2.185. **The changes will be implemented via amendments of the ITS.**

2.1.17 S.09.01 - Income/gains and losses in the period

2.1.17.1 Identification of the issue

- 2.186. Template S.09.01 is a core template and collects information on gains/income and losses by asset category. It is not the intention to create a P&L but to receive, by asset category, relevant information on the capacity of undertakings to earn yields as are implicitly required in the valuation of technical provisions.

2.1.17.2 Analysis

- 2.187. Two options have been considered:
- 1) Keep template as in current ITS
 - 2) Improve the template considering experience
- 2.188. This is a regularly used template and provides valuable information. Some gaps, such as the information on yields the undertakings are able to earn – current and forward looking, were even identified.
- 2.189. It is acknowledge that some similar information can be found in the financial statements but the regular reporting of financial statements in European harmonised templates is not part of Solvency II. Therefore it is important that core information needed for the Supervisory Review Process is requested in the Solvency II package.
- 2.190. As said this template provides useful information on the capacity of undertakings to earn yields as are implicitly required in the valuation of technical provisions. In particular, this links to the question as to whether the volatility adjustment (VA) can be earned which is currently investigated by EIOPA.
- 2.191. Regarding the proportionality principle EIOPA believes that being a core template no risk-based threshold should be considered.

2.1.17.3 Advice

- 2.192. EIOPA proposes no changes to template S.09.01 both at solo and group level.
- 2.193. No changes in the legal framework.

2.1.18 Securities lending and repos

2.1.18.1 Identification of the issue

- 2.194. The securities lending and repos template is a non-core template. This template contains an item-by-item list of securities lending transactions and repurchase agreements (buyer and seller) contracts, held directly by the undertaking.
- 2.195. A repurchase agreement (repo) is defined as the sale of securities together with an agreement for the seller to buy back the securities at a later date. Securities lending is defined as the lending of securities by one party to another, which requires that the borrower provides the lender with collateral.
- 2.196. The template has a materiality threshold and must be reported annually if the value of the underlying securities on and off balance sheet involved in lending or repurchase agreements, with maturity date falling after the reporting reference date represent more than 5% of the total investments.
- 2.197. All contracts that are on the balance sheet or off balance sheet shall be reported. The information shall include all contracts in the reporting period regardless of whether they were opened or closed at the reporting date.

2.1.18.2 Analysis

- 2.198. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Reduce the threshold
 - 3) Remove the threshold
 - 4) Delete the template
- 2.199. On the option to reduce the threshold, it was proposed to reduce it to 0.5%. It is argued that the 5% threshold of total investments is too high, as very few undertakings are engaged in sufficient levels of this activity to meet the threshold (particularly for unit-linked providers, where shareholder investments are a small proportion of overall investments). This could mean trends in repo activity could be overlooked.
- 2.200. On the option to remove the threshold, it was proposed to delete the materiality thresholds to allow an overall market view. This is not only relevant for the NCA but also for EIOPA. It should be our aim to receive complete information. Any reporting thresholds lead to an increase in uncertainty and to an incomplete picture of the market.
- 2.201. On the option to delete the template, it was argued that this template contains redundant data requirements on securities lending as this is also reported in the context of EU COM Securities Financing Transactions Regulation (SFTR), issued in January 2016. The regulation requires firms to report their SFTs to a trade repository registered by ESMA.

2.202. Considering that securities lending and repos operations can imply important risks that the undertaking should be able to recognise, manage and report on, EIOPA considers that this template should be maintained.

2.203. Considering that this template is non-core, the present threshold should be kept continuing to ensure a proportional approach.

2.1.18.3 Advice

2.204. EIOPA proposes the following (in S.10.01) both at solo and group level:

- **Keep the template**
 - **EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.**

2.205. No changes in the legal framework.

2.1.19 S.11.01 - Assets held as collateral

2.1.19.1 Identification of the issue

2.206. The assets held as collateral template is a non-core template. This template contains an item-by-item list of off-balance sheet assets held as collateral for covering balance sheet assets held directly by the undertaking. It consists of detailed information from the perspective of the assets held as collateral and not from the perspective of the collateral arrangement.

2.1.19.2 Analysis

2.207. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Improve the template with relevant information
- 3) Delete the template

2.208. Considering that the information being presently required on assets held as collateral is valuable for supervisory purposes, allowing assessing the quality of the assets held to cover balance sheet positions, and that this is something that the undertaking should be able to recognise, manage and report on, EIOPA considers that this template should be maintained.

2.209. Considering that this template is non-core, a threshold should be introduced to ensure a proportional approach. EIOPA proposes that this template is only reported annually when the ratio of the value of assets held as collateral to total balance sheet exceeds 10%.

2.1.19.3 Advice

2.210. EIOPA proposes the following (in S.11.01) both at solo and group level:

- **Keep the template and will clarify instructions on reporting of collateral**

- EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.211. **No changes in the legal framework.**

2.1.20 S.12.01 - Life and Health SLT Technical Provisions

2.1.20.1 Identification of the issue

2.212. Template S.12.01 is a core template, both quarterly and annually, and collects information on Life and Health SLT Technical Provisions. This template has a simplified version for the quarterly reporting and a more detailed version for the annual reporting.

2.213. From NCAs perspective it is identified as a valuable template where changes could be considered:

- The TVOG (Time Value of Options and Guarantees), which is the difference in the BE between the deterministic valuation and the stochastic valuation (when performed). It would provide a clear understanding of how the volatility on the returns of the assets would affect the value of the undertaking as well as of the actual absorbing capacity of FDB;
- The usability of this template could be enhanced through the addition of a number of totals or through including directly relevant information so this does not need to be extracted from elsewhere. These includes:
 - Total TMTP - this is not directly available and extra data needs to be extracted when a total in the form would be helpful. Add an additional row as sum of R0110, R0120, R0130.
 - Total Life and Health - Total not directly available in S.12 whereas S.05 has total. Add an additional column as sum of C0150 and C0210.
 - C0030, C0060, C0160 subdivisions not useful as some guarantees are not insightful such as availability of a surrender value on unit-linked. Remove options and guarantees split and rely on C0030, C0060, C0160.
- Transitionals information quarterly is not relevant for the supervision.

2.1.20.2 Analysis

2.214. EIOPA considered the following options:

- 1) Keep template as in current ITS, for both quarterly and annually
- 2) Improve the annual template but keep the quarterly template
- 3) Simplify the quarterly template but keep the annual templates

2.215. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.

2.216. EIOPA considered that it is important not to change the templates unless a strong case is presented to do it. In this sense it believes that the improvements identified should not be included at this stage while simplifications could be introduced in the quarterly template by deleting the information on the transitional information.

2.1.20.3 Advice

2.217. EIOPA proposes to simplify the quarterly template S.12.01 by deleting the information on the transitional information.

2.218. The changes will be implemented via amendments of the ITS.

2.1.21 S.12.02 - Life and Health SLT Technical Provisions - by country

2.1.21.1 Identification of the issue

2.219. Template S.12.02 collects information on Life and Health SLT Technical Provisions by country. Information on cross-border business is crucial.

2.1.21.2 Analysis

2.220. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Delete this template and replace it by a general cross-border template

2.1.21.3 Conclusion

2.221. EIOPA proposes no changes to the existing structure of the template.

- **EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.**

2.222. However, the definition of the thresholds will be amended to prevent distortions arising from negative technical provisions (see conclusion in S.02.02).

2.223. The changes to the threshold definitions will be implemented via ITS amendments.

2.1.22 S.13.01 - Projection of future gross cash flows

2.1.22.1 Identification of the issue

2.224. Template S.13.01 is non-core template and includes information on the life business best estimate, specifically, the cash-flow projections gross of reinsurance and undiscounted.

2.225. The template is regularly used by supervisors to perform analysis on the best estimate amounts, to assess the average maturity of liabilities or perform liquidity or duration gap analysis.

2.1.22.2 Analysis

2.226. Two options have been considered:

- 1) No change
- 2) Improve the template considering experience

2.227. In addition, as part of the overall proportionality approach, the scope of the template was discussed including the introduction of risk-based thresholds.

2.228. As referred the template is widely used, when using the template some challenges have been identified:

- How cash-flows related to Unit linked business and short term contract boundaries business should be reported;
- The item "Total recoverable from reinsurance (after the adjustment)" is reported only for total LoBs, the information in this template is used by LoBs so this item should be reported as well by LoB.
- The item use of data would benefit from splitting "future benefits" within "future guaranteed benefits" and "future discretionary benefits". This information would be useful to evaluate the calculation of LAC TP and the impact of lapses and experience shows that the information is available within undertakings systems;
- Number of years could be extended until 50 years on a yearly basis plus two additional buckets of 10 years, from 50 to 60 and from 60 to 70 and finally a category for 71+;
- Commissions could be reported in a different column.
- It was also identified by supervisors gaps in the information regarding:
- Assumptions used in best estimate calculation (including the changes in assumptions year by year);
- Costs with claims by nature (e.g.: maturity, redemption, mortality);
- Specific template which is dedicated to the assessment of the interest rate risk for Life Insurance companies - BE (Statement of rate guarantees, Durations of assets and liabilities, Cash flow projections).

2.229. Regarding proportionality the template already includes one limitation to the scope: "In case the undertaking uses simplifications for the calculation of technical provisions, for which an estimate of the expected future cash-flows arising from the contracts are not calculated, the information shall be reported only in those cases where more than 10% of total technical provisions have a settlement period longer than 24 months."

2.230. EIOPA believe that this limitation of scope could be extended to all undertakings using simplifications for the calculation of technical provisions, for which an estimate of the expected future cash-flows arising from the contracts are not calculated.

2.1.22.3 Conclusion

2.231. EIOPA proposes in S.13.01:

- To ask the value of the “Total recoverable from reinsurance (after the adjustment)” by LoB;
- To split the “future benefits” within “future guaranteed benefits” and “future discretionary benefits”;
- EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.232. The proposed changes will be implemented via amendments of the ITS.

2.1.23 S.14.01 - Life obligations analysis

2.1.23.1 Identification of the issue

2.233. Template S.14.01. is an annual core template for life insurance undertakings and intends to serve supervisory information needs on the characteristics of products with life insurance obligations. The template includes four tables, three of which are reported on the level of products and another table that is to be reported on the level of homogeneous risk groups (HRG). Whereas the level of HRG is undertaking specific, NSAs have room to require – for their national market - a level of granularity for the reporting on product level to ensure comparability across undertakings.

2.234. Another aspect that goes along with that setting is the combination of information across the four tables included in S.14.01. This was observed being burdensome as the level of products and HRG cannot always be easily and directly linked.

2.235. Apart from the level of granularity of the reporting in that template, supervisory experience has also identified room for improvement on the existing template to enhance insights into the products on the market. The Supervisory Review Process is also evolving taking advantage of new technologies available. The use of innovative technology by NCAs to support supervision helps NCAs to be more efficient and proactive monitoring the risks undertakings face or may face. New applications could represent an important step in more advanced data analytics and ultimately increased policyholder protection. The use of these technologies (SupTech), similarly to when they are used by undertakings (Insurtech, including RegTech) require good quality data at an adequate granular level.

2.236. In the following section, EIOPA sets out its proposal of how the template could be improved to increase its benefit and fulfil different supervisory needs.

2.1.23.2 Analysis

2.237. The following options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.238. Keep the granularity of the template (three tables by product, one by homogenous risk groups)

2.239. Streamline the granularity of the template by asking all templates by

- a. Products
- b. Product categories

2.240. Improvements addressed two main areas:

- Content of the template (see below);
- Level of granularity, i.e. Product or HRG
 - o One option is to request all information by product (alternatively by product category): This entails some difficulties as the BE is calculated at the level of HRG, therefore the information on best estimate and potentially capital at risk may not be available at product level;
 - o Other option is to keep current approach as the information at HRG is needed for supervision.

2.241. This template is extensively used by supervisors. The following suggestions were made:

- Request the number of insured in addition to number of contracts. This would improve usability e.g. for consumer protection purposes. Current reporting does not capture group contracts and there is also a need for more instructions on how to fill the template for UL (inconsistent reporting at the moment);
- Guaranteed rates do not match with the best estimate, as best estimate is based on SII valuation but the guarantees are not given based on best estimate values. To use guaranteed rates the information on the related "technical reserves" is needed, further, a yearly interest rate is considered sensible to develop further risk indicators;
- Homogenous risk groups is not usable as no description/categorisation. Granularity is in practice very different between undertakings, thus more harmonization and alignment could apply;
- Country information needs to be a closed list, not free text;
- Add "Line of Business" information in S.14.01.01.03 to better assign the HRGs (homogenous risk group) to the concrete LoB;
- Change the instructions of S.14.01 C0210.
- Clarify how values in % with 2 decimal places should be reported. We got entries from 1,2%, 0,012, 0.012, 12 to even text forms;
- Add information about Commissions, surrenders, expenses, information by channels of distribution and differentiated by single and regular premiums;
- Clarify further on the information on pension entitlements;
- Clarify the relevance of the template for reinsurance business and obligations relating to non-life business;
- Identify separately products with profit sharing;

- Identify the length of a product by asking for the remaining contractual maturity;
- Add information on exit conditions and tax penalties to better understand the exposition to lapse rates;
- Improve information on existing interest rate guarantees, not only interest rate guarantees should be required but also implicit interest rate guarantees should be reported;
- Add a column on future expected premiums for consumer protection purposes;
- Add a column to ask when the product includes InsurTech element (to be further define – e.g. life contract with access to apps);
- Add 2 flags to the table “Characteristics of product”, one to identify the models used (multiple choice, e.g. AI, Big Data, ...) and another to inform if the product is covering any type of cyber risk;

2.1.23.3 Conclusion

2.242. **EIOPA proposes to amend S.14.01 fostering granularity of the template in the following way by removing, clarifying and replacing specific items:**

In Portfolio of Products S.14.01.01.01

- **Division of S.14.01.01.01**
 - o **S.14.01.01.01 Portfolio of Products (methodology unchanged to the current design of the template)**
 - o **S.14.01.01.0X Portfolio of Products, if there are several funds existing per one single product to avoid duplication of the numbers of contracts, persons insured, etc. [if applicable at national level].**
- **Provide further information on “number of contracts at the end of the year” by adding information “number of contracts at the end of the year, of which have a surrender option”**
- **Adding information on “number of contract surrendered during the year”, also in respect of new contracts**
- **Adding information on “number of insured at the end of the year”, by adding “number of insured at the end of the year” and “number of insured at the end of the year of which related to new contracts during the year”**
- **Adding information on the “fiscal treatment” on the products**
- **Adding information on the “total amount of written premiums – total”, divided by:**
 - o **Total amount of Written premiums - direct business**
 - o **Total amount of Written premiums - written via credit institutions**
 - o **Total amount of Written premiums - written via other insurance distributors**
- **Adding information on the “total amount of written premiums – single premiums”, divided by:**

- Total amount of Written premiums –single premiums new contracts during year
- Adding information on the “total amount of Written premiums - regular premiums”, divided by:
 - Total amount of Written premiums - regular premiums new contracts during year
- Adding information on “Commission paid, divided by
 - Total amount of commissions paid during year – new contracts single premiums
 - Total amount of commissions paid during year – new contracts regular premiums
- Adding information on “administrative expenses”
- Adding information on “expected future premiums” differentiated also for new contracts
- Adding information on “expected future commissions” differentiated also for new contracts
- Adding information on a yearly interest rate guarantee for the reporting year;
- Adding information on exit conditions of a product;
- Adding information on the amount on which the interest rate is guaranteed;

In Characteristics of Products S.14.01.01.02

- Adding information on “Pensions entitlements”
- Adding information on “Profit Sharing”
- Adding information of “Remaining contractual maturity”
- Deletion of information on “Type of Premium”
- Deletion of information on “use of financial instrument replication”
- Deletion of information on number of HRGs in products

Deletion of Information on Homogenous Risk groups S.14.01.01.03

2.243. The proposed changes will be implemented via amendments of the ITS.

2.1.24 S.15.01. - Description of the guarantees of variable annuities EIOPA

2.1.24.1 Identification of the issue

2.244. During the analysis performed by EIOPA it was acknowledged that this template is not frequently regularly used. In addition no comments have been provided from stakeholders on this template.

2.1.24.2 Analysis

2.245. Following options have been considered:

- 1) Keep template as in current ITS
- 2) Deletion of the template from the reporting package

2.1.24.3 Conclusion

- 2.246. **EIOPA proposes to delete S.15.01 from the reporting package both at solo and group level.**
- 2.247. **Changes will be implemented via amendments of the ITS**

2.1.25 S.15.02 - Hedging of guarantees of variable annuities

2.1.25.1 Identification of the issue

- 2.248. During the analysis performed by EIOPA it was acknowledged that this template is not frequently regularly used. In addition no comments have been provided from stakeholders on this template.

2.1.25.2 Analysis

- 2.249. Following options have been considered:
- 1) Keep template as in current ITS
 - 2) Deletion of the template from the reporting package

2.1.25.3 Conclusion

- 2.250. **EIOPA proposes to delete S.15.02 from the reporting package both at solo and group level.**
- 2.251. **The proposed changes will be implemented via amendments of the ITS.**

2.1.26 S.16.01 - Information on annuities stemming from Non-Life Insurance obligations

2.1.26.1 Identification of the issue

- 2.252. Template S.16.01 is a non-core template and requires information to be reported on annuities formally settled stemming from non-life contracts and relating to health insurance obligations and to insurance obligations other than health insurance obligations.
- 2.253. The information reported in this template is interlinked with the non-life template S.19.01.

2.1.26.2 Analysis

- 2.254. Two options have been considered:
- 1) Keep template as in current ITS
 - 2) Improve the template considering experience
- 2.255. In addition, as part of the overall proportionality approach, the risk-based threshold was re-assessed.
- 2.256. Regarding proportionality the template already includes a risk-based threshold defined as follows: "This template shall be reported by non-life line of business,

as defined in Annex I to Delegated Regulation (EU) 2015/35, originating the annuity and by currency, considering the following specifications:

- i. If the best estimate for the annuity claims provisions on a discounted basis from one non-life line of business represents more than 3% of the total best estimate for all annuity claims provisions the information shall be reported with the following split by currencies in addition to the total for the line of business:
 - a) Amounts for the reporting currency;
 - b) Amounts for any currency that represents more than 25% of the best estimate for the annuity claims provisions on a discounted basis from that non-life line of business; or
 - c) Amounts for any currency that represents less than 25% of the best estimate for the annuity claims provisions (discounted basis) from that non-life line of business but more than 5% of total best estimate for all annuity claims provisions.
- ii. If the best estimate for the annuity claims provisions on a discounted basis from one non-life line of business represents less than 3% of the total best estimate for all annuity claims provisions no currency split is required, only the total for the line of business shall be reported;
- iii. The information shall be reported in the original currency of the contracts unless otherwise specified."

2.257. EIOPA understands the drawbacks of having risk-based thresholds for the analysis of the market as a whole but believes that non-core templates should keep the risk-based approach.

2.258. It is acknowledged that the existing threshold requires the reporting of very detailed information on currencies, in particular when the LoB represents close to 3% of the BE. EIOPA could consider different approaches to the threshold such for example put the focus on the materiality of the currency and request information by currency only if material regarding the total BE for all annuity claims provisions, for example, when a single currency represents more than 10% of the BE then that currency should be reported for all LoB where there is business for that currency. An alternative would be to simply increase the 3% to 5%-10%. EIOPA believes that the new approaches would definitely make the information reported more proportionate but has doubts if it would not create additional problems to the industry to change the approach now.

2.1.26.3 Conclusion

2.259. EIOPA proposes to (in S.16.01):

- Clarify the general Instructions;
- Exempt the template for reinsurance business (still required for the direct business performed by reinsurance undertakings);
- EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed.

Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.260. The changes will be implemented via amendments of the ITS.

2.1.27 S.17.01. - Non-Life Technical Provisions - S.17.01

2.1.27.1 Identification of the issue

2.261. Template S.17.01 is a core template, both quarterly and annually, and collects information on Non-Life Technical Provisions. This template has a simplified version for the quarterly reporting and a more detailed version for the annual reporting.

2.1.27.2 Analysis

2.262. EIOPA considered the following options:

- 1) Keep template as in current ITS, for both quarterly and annually
- 2) Improve the annual template but keep the quarterly template
- 3) Simplify the quarterly template but keep the annual templates

2.263. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.

2.264. EIOPA considered that it is important not to change the templates unless a strong case is presented to do it. For the decision it is also relevant the new template being proposed for Non-life information by product, similar to S.14.

2.265. In this sense it believes that the improvements identified should not be included at this stage while simplifications could be introduced in the quarterly template by deleting the information on the transitional measures on the quarterly template.

2.1.27.3 Conclusion

2.266. EIOPA proposes to simplify the quarterly template S.17.01 by deleting the information on the transitional measures.

2.267. The changes will be implemented via amendments of the ITS.

2.1.28 S.17.02 – Non-Life Technical Provisions - by country

2.1.28.1 Identification of the issue

2.268. Template S.17.02 collects information on Non-Life Technical Provisions by country. Information on cross-border business is crucial.

2.269. The information set collected by the existing template is incomplete, as it excludes non-life reinsurance business.

2.1.28.2 Analysis

2.270. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Retain the template with an extension to scope to include reinsurance business.
- 3) Delete this template and replace it by a general cross-border template

2.271. In assessing these options, EIOPA has considered the balance between ensuring an appropriate level of information is collected for supervisory purposes and the cost of change associated with wholesale changes to the reporting methodology. The final advice reflects this balance.

2.1.28.3 Conclusion

2.272. **EIOPA proposes to retain, without amendment, the existing structure for template S.17.02 for direct non-life business. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.**

2.273. **The definition of the thresholds will be amended to prevent distortions arising from negative technical provisions (see conclusion in S.02.02).**

2.274. **EIOPA proposes to extend the scope of the existing template S.17.02 to include non-life reinsurance business. The reporting thresholds for reinsurance business will mirror those for direct business.**

2.275. **The changes will be implemented via ITS amendments.**

2.1.29 S.18.01 - Projection of future cash flows (Best Estimate - Non Life)

2.1.29.1 Identification of the issue

2.276. Template S.18.01 is a non-core template and includes information on the non-life business best estimate, specifically, the cash-flow projections gross of reinsurance and undiscounted separately for the claims provisions and the premium provision.

2.277. The template is regularly used by supervisors to perform analysis on the best estimate amounts, to assess the average maturity of liabilities or perform liquidity or duration gap analysis.

2.1.29.2 Analysis

2.278. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.279. In addition, as part of the overall proportionality approach, the scope of the template was discussed including the introduction of risk-based thresholds.

2.280. As referred the template is widely used, when using the template some challenges have been identified:

- Information by Lines of Business is needed for an adequate use of the information reported. The analysis of information on technical provisions for non-life always need to have into consideration the LoB;
 - If a split by LoB is considered, in line with the proposal in template S.13.01 the item “Total recoverable from reinsurance (after the adjustment)” should be reported as well by LoB.
- 2.281. Regarding proportionality the template already includes one limitation to the scope: “In case the undertaking uses simplifications for the calculation of technical provisions, for which an estimate of the expected future cash–flows arising from the contracts are not calculated, the information shall be reported only in those cases where more than 10% of total technical provisions have a settlement period longer than 24 months.”
- 2.282. EIOPA believe that this limitation of scope could be extended to all undertakings using simplifications for the calculation of either the claims provisions or the premiums provisions technical provisions, for which an estimate of the expected future cash–flows arising from the contracts are not calculated.
- 2.283. The extension to Lines of Business information should be considered only for material LoB defined as a percentage of the total NL TP, such as for LoB representing a coverage of 90% of the TP. Please note that the reporting of the template for the entire business would not be requested.

2.1.29.3 Conclusion

- 2.284. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.
- 2.285. EIOPA proposed in S.18.01 to:
- Ask the value of the “Total recoverable from reinsurance (after the adjustment)” by material LoB;
 - Increase the scope of undertakings exempted from this template by exempting all undertakings using simplifications for the calculation of technical provisions, for which an estimate of the expected future cash–flows arising from the contracts are not calculated.
- 2.286. The changes will be implemented via amendments of the ITS.

2.1.30 S.19.01 - Non-life insurance claims

2.1.30.1 Identification of the issue

- 2.287. Template S.19.01 is a non-core annual template aiming to collect information on claims development triangles showing the insurer’s estimate of the cost of claims (claims paid and claims provisions under Solvency II valuation principle) and how this estimate develops over time. It consists of three set of triangles regarding claims paid, best estimate of claims provisions and RBNS claims.

2.1.30.2 Analysis

- 2.288. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.289. In addition, as part of the overall proportionality approach, the risk-based threshold was re-assessed.

2.290. From NCAs perspective this is a very important template in the analysis of the best estimate. On the basis of this template tools are being developed (both at national and EIOPA level) to assess the level of adequacy of the technical provisions. EIOPA acknowledge that data quality of this templates could be improved and is analysing ways to promote that quality. Some additional information could be considered to include in the template such as:

- History of earned premium per accident year, having triangles of claims net of catastrophe claims and all information gross and net of reinsurance
- Expenses triangles;
- Should be extended such as to make number of years in line with S.18.01 which then also supports cross-validation of tabs.
- The exclusion of any expenses could be reconsidered. Non-life insurance claims triangles could include Allocated Loss Adjustment Expenses (or ALAE) and are usually used in this format within the process of assessing claims reserves. Furthermore, excluding ALAE from these triangles would also correspond to a loss of information, considering that these expenses would not be identified as such elsewhere in the official reporting;
- Missing information about development of incurred but not reported claims (IBNR) and related annuity reserves;
- The amount placed in the annuity reserve as a one-off payment at the beginning of annuity. The same applies to adjustment of annuities (because the adjustment is not considered as a life technique, therefore should be shown in S.19.);
- BE claims provisions are calculated with regard to claims settlement currencies but not contract currencies. Consequently if information by currency shall be reported in the original currency of contracts (i.e. the currency in which contracts are priced and sold), then for e.g. MTPL contracts all information should be reported in local currency without split by currencies despite the value of claims incurred abroad and valued in foreign currency is significant (met condition ii(b) or ii(c)). Therefore it should be possible to specify original currency as the currency of gross Best Estimate claims provisions valuation.
- The link to the template S.19.01 could be further clarified.

2.291. EIOPA acknowledges the need for additional information but believes that the template as it stands represents already a good basis for analysis and identification of situations where more detailed analysis and information might be needed.

2.292. Regarding proportionality the template already includes a risk-based threshold defined as follows: " This template shall be reported by non-life line of business,

as defined in Annex I to Delegated Regulation (EU) 2015/35, originating the annuity and by currency, considering the following specifications:

2.293. This template shall be reported for each line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, and material considering the following specifications:

i. reporting by line of business: it is required to report lines of business 1–12 (as reported in S.17.01) for both direct and accepted proportional reinsurance (to be reported together) and lines of business 25–28 for accepted non-proportional reinsurance;

ii. If the total gross best estimate for one non-life line of business represents more than 3% of the total gross best estimate of the claims provision the information shall be reported with the following split by currencies in addition to the total for the line of business:

a) Amounts in the reporting currency;

b) Amounts for any currency that represents more than 25% of the gross best estimate of the claims provisions from that non-life line of business; or

c) Amounts for any currency that represents less than 25% of the gross best estimate of the claims provisions from that non-life line of business but more than 5% of total gross best estimate of the claims provisions.

iii. If the total gross best estimate for one non-life line of business represents less than 3% of the total gross best estimate of the claims provision no currency split is required, only the total for the line of business shall be reported.

iv. The information by currency shall be reported in the original currency of the contracts unless otherwise specified."

2.294. EIOPA understands the drawbacks of having risk-based thresholds for the analysis of the market as a whole but believes that non-core templates should keep the risk-based approach.

2.295. It is acknowledged that the existent threshold requires the reporting of very detailed information on currencies, in particular when the LoB represents close to 3% of the BE. EIOPA could consider different approaches to the threshold such for example put the focus on the materiality of the currency and request information by currency only if material regarding the total BE for all claims provisions, for example, when a single currency represents more than 10% of the BE then that currency should be reported for all LoB where there is business for that currency. An alternative would be to simply increase the 3% to 5%-10%. EIOPA believes that the new approaches would definitely make the information reported more proportionate but has doubts if it would not create additional problems to the industry to change the approach now.

2.296. Regarding the Lines of business the reporting should be required only for material LoB representing a coverage of 90% of the TP.

2.1.30.3 Conclusion

2.297. EIOPA proposes in S.19.01 to:

- Clarify the general Instructions;
- Eliminate the requirement to report the total using the reporting currency;
- EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.298. The changes will be implemented via amendments of the ITS.

2.1.31 S.20.01 - Development of the distribution of the claims incurred

2.1.31.1 Identification of the issue

2.299. Template S.20.01 is a non-core annual template providing an overview about the run-off/movement of non-life claims portfolios, in terms of both claims paid (split by different type of claims) and RBNS claims (as defined in S.19.01).

2.1.31.2 Analysis

2.300. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.301. In addition, as part of the overall proportionality approach, a risk-based threshold was considered.

2.302. This template is used by NCAs to analyse the claims management. In fact some NCAs believe it would be better to ask % of claims re-opened, however this information could be derived from the information already reported, while other NCAs would like to see the number of years in line with S.18.01.

2.303. EIOPA believes that the template as it is it is fit-for-purpose and used adequately by NCAs.

2.304. However from a proportionality perspective some threshold should be considered, in particular regarding the LoB to report. Regarding the Lines of business the reporting should be required only for material LoB representing a coverage of 90% of the TP.

2.1.31.3 Conclusion

2.305. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.306. The changes will be implemented via amendments of the ITS.

2.1.32 S.21.01 – Loss distribution risk profile

2.1.32.1 Identification of the issue

2.307. Template S.21.01 is a non-core annual template providing information on the loss distribution profile non-life shows the distribution, in (predefined) brackets, of the accumulated claims incurred at the end of the reporting year.

2.1.32.2 Analysis

2.308. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.309. In addition, as part of the overall proportionality approach, a risk-based threshold was considered.

2.310. This template is used by NCAs and some would like to receive similar information for claims paid.

2.311. EIOPA believes that the template as it is is fit-for-purpose and used adequately by NCAs.

2.312. However from a proportionality perspective some threshold should be considered, in particular regarding the LoB to report. Regarding the Lines of business the reporting should be required only for material LoB representing a coverage of 90% of the TP.

2.1.32.3 Conclusion

2.313. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.314. The changes will be implemented via amendments of the ITS.

2.1.33 S.21.02 – Loss distribution risk profile

2.1.33.1 Identification of the issue

2.315. Template S.21.02 is a non-core annual template requesting information on the 20 biggest single underwriting risks, based on net retention, across all lines of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, shall be reported. If the 2 biggest single underwriting risks for any of the lines of business, as defined in Annex I to Delegated Regulation (EU) 2015/35 are not covered through the above methodology, then they shall be reported in addition.

2.1.33.2 Analysis

2.316. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

- 2.317. In addition, as part of the overall proportionality approach, a risk-based threshold was considered.
- 2.318. It is true that the use of string makes it difficult for undertaking comparison but the cells are still relevant for supervision.
- 2.319. EIOPA believes that the reporting of the 20 biggest single underwriting risks is already a reflection of the principle of proportionality, however consideration should still be given to the materiality of the non-life business.

2.1.33.3 Conclusion

2.320. EIOPA proposes not to change template S.21.02.

2.321. No changes in the regulatory framework.

2.1.34 S.21.03 – Non–life distribution of underwriting risks – by sum insured

2.1.34.1 Identification of the issue

2.322. Template S.21.03 is a non-core annual template providing information on the underwriting risk portfolio, i.e. on the distribution, in (predefined) brackets, of the sum insured of each and every single underwriting risk which have been accepted by the undertaking.

2.1.34.2 Analysis

2.323. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.324. In addition, as part of the overall proportionality approach, a risk-based threshold was considered.

2.325. This template is used by NCAs and some would like to receive information for annual earned instead of written business.

2.326. EIOPA believe that the template as it is fit-for-purpose and used adequately by NCAs.

2.327. Regarding the materiality of the LoB, in fact the template is only mandatory for the following LoB:

- Other motor insurance;
- Marine, aviation and transport insurance;
- Fire & other damage to property insurance;
- Credit & Suretyship insurance.

2.328. Regarding the other LoB the NCAs may exempt the reporting.

2.329. EIOPA believes that the definition of a materiality threshold by LoB on top of the existent requirement is consistent and therefore proposes the reporting should be required for LoB identified as mandatory only if representing a coverage of 90%.

2.1.34.3 Conclusion

- 2.330. **EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.**
- 2.331. **EIOPA will define the unlimited sum insured, including more detailed criteria.**
- 2.332. **The changes will be implemented via amendments of the ITS.**

2.1.35 S.22.01 to S.22.06 – Long term guarantees measures and transitionals

- 2.333. Changes might be introduced from the SII Review covering other areas and will be included as part of the ITS amendments.

2.1.36 S.23.01 - Own funds

2.1.36.1 Identification of the issue

- 2.334. Template S.23.01 is a core template, both quarterly and annually, which provides information on own funds by nature and classified by Tiers.

2.1.36.2 Analysis at solo level

- 2.335. Two options have been considered:
- 1) Keep template as in current ITS
 - 2) Improve the template considering experience
- 2.336. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.
- 2.337. EIOPA believes that at this point no change should be introduced at solo level but that using the experience and Q&A outcome the Instructions could be revised and clarified e.g. the instructions for R0580/C0010 - This is the total SCR of the undertaking as a whole and shall correspond to the SCR reported on the relevant SCR template. For quarterly reporting this is the latest SCR to be calculated and reported in accordance with Articles 103 to 127 of Directive 2009/138/EC, either the annual one or a more recent one in case the SCR has been recalculated due to for example a change in risk profile, a breach or a risk of breaching the SCR. In case of breach or risk of breach of the SCR the SCR amount shall be calculated in accordance with Articles 103 to 127 of Directive 2009/138/EC at the reference date. The amount shall include any capital add on set by the National Supervisory Authority.

2.1.36.3 Advice at solo level

- 2.338. **EIOPA proposes not to change template S.23.01 at solo level but to clarify the instructions**

2.1.36.4 Analysis at group level

2.339. EIOPA considered the following options:

- 1) Keep template as in the current ITS
- 2) Improve the template considering experience

2.340. Being S.23.01.22 a template regularly used by supervisors the following has been identified as necessary steps to improve the understanding of the template and instructions:

- It should be made clear that main rows of non available own funds below each own fund item in the upper part of the template should *include the amount of non- available own funds to be deducted as it is currently designed and that would sum up into R0270*;
- Minority interest at group level should include the total amount of minority interest (*not to be split among other OF items*)
- Rename R0270 to read Total available own fund items to be deducted;
- Any clarifications provided to the logs as part of the Q&A⁵ 1735 on Regulation will be taken into account in the review process. Consideration could also be made regarding possible alignment of the presentation in the template to how the final solvency ratio is calculated.

2.1.36.5 Conclusion at group level

2.341. EIOPA proposes to for S.23.01 at group level:

- **Improve the template considering experience, and where the standard structure of the template will incorporate the adjustments noted in the analysis section;**
- **Clarify the instructions of the template at group level.**

2.342. **Changes to the group OF templates may also follow after any revision of the Solvency II Directive and Delegated Regulation on the area of Group Supervision issues (Chapter 9 of the Advice), in particular with regard to classification and availability of own funds.**

2.343. **Changes will be implemented via amendments of the ITS.**

2.1.37 S.23.02 - Detailed information by tiers on own funds

2.1.37.1 Identification of the issue

2.344. Template S.23.02 is a core template which provides detailed information by tiers on own funds and attribution to valuation differences.

2.345. The objective of the third table relative to attribution of valuation differences is to illustrate how own funds move forward from the financial statements to the own funds from the Solvency II balance sheet. But due to national specificities in the financial statements, the current version of the template is difficult to understand.

⁵ For instance Q&A 1735 https://www.eiopa.europa.eu/content/1735_en?source=search

- 2.346. In that respect, surplus funds could be regarded as an own fund in some member states and as liabilities in some other member states.
- 2.347. In the same way, depending on the local accounting framework, subordinated liabilities could be considered as equity or liability.
- 2.348. The existence of deferred tax assets in the financial statements can also increase the complexity of the approach.
- 2.349. All these particularities make it difficult to define “retained earnings and reserves from financial statements” (as they include or not surplus fund) and influence the amount of the difference in the valuation of liabilities (as liabilities include or not surplus fund and subordinated loans and a part of deferred tax).

2.1.37.2 Analysis at solo level

- 2.350. Two options have been considered:
- 1) Keep template as in current ITS
 - 2) Improve the template considering experience
- 2.351. This template is considered as core so no proportionality threshold was considered.
- 2.352. The second option aims to clarify the template in order to avoid misinterpretation by adding cells related to specific own funds items from the financial statements and cells related to the valuation of specific own funds items.
- 2.353. Table S. S.23.02.01.03 presents a certain complexity in its current presentation and is sometimes difficult to interpret. However it is seen as a very useful table at group level. It is evidenced that undertakings and groups also use such a table. In fact, from stakeholders the following comment was received: “the proposed deletion will not reduce this burden and will cause issues for undertakings having to make IT systems changes – which will significantly add to costs.”
- 2.354. Therefore, considering the use at group level EIOPA proposes to keep the table and engage closely with supervisors to share best practices on the use of such information.

2.1.37.3 Conclusion at solo level

2.355. EIOPA proposes no changes to S.23.02 at solo level.

2.1.37.4 Analysis at group level

- 2.356. EIOPA considered the following options:
- 1) Keep template as in current ITS
 - 2) Amend the template
 - 3) Delete the template
- 2.357. Option 1 (keeping the current template at group level) is the preferred option from a cost-benefit point of view. In particular, it does not impact the availability of data for group supervision.

2.358. At group level there is no other source to see the main drivers on changes on the excess of assets over liabilities. This template provides valuable information at group level that supports some of the qualitative analysis and disclosures at group level, and the understanding is that industry still needs to prepare this data even if not reported in the QRT. Having the info in a QRT template facilitates supervisory analysis and comparability across groups. Furthermore, industry indicates there is no added benefit by deleting this template.

2.1.37.5 Conclusion at group level

2.359. EIOPA proposes no changes to S.23.02.

2.1.38 S.23.03 - Annual movements on own funds

2.1.38.1 Identification of the issue

2.360. Template S.23.03 is a non-core template requesting information on the annual movements on own funds.

2.1.38.2 Analysis

2.361. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.362. The template is considered as fit-for-purpose and no changes were identified. As part of the overall proportionality approach, the definition of a threshold is considered.

2.363. The instructions for reporting own funds tiers for S.23.03, C0290 sub-liabilities don't contain the mapping of the tier options to the closed list in the template. For instance, it is noted that a small number of undertakings are reporting the wrong tier i.e. for Tier 2 choosing option 2 in closed list which actually maps to T1 unrestricted. Clarification of the Instructions should be considered. The mapping which exists for other OF items such as sub-MMAs in C0030 should be considered. A.

2.364. From a proportionality principle perspective the template is considered relevant when material movements occur during the year. Therefore the template should only be due when the notional amount of any increase or decrease on own funds, i.e. the sum of amounts of the cells reflecting changes regardless of representing increases or decreases, represent more than 10% of the own funds amount at the beginning of the year.

2.365. The discussion of thresholds is work in progress. Some members are of the view that no thresholds should apply to Own Funds as this is fundamental information for supervisory analysis. An impact assessment will be necessary before members can agree to the possible option of thresholds.

2.1.38.3 Conclusion

- 2.366. EIOPA proposes not to change template S.23.03 both at solo and group level.
- 2.367. EIOPA is in a process of analysing the threshold of the template both at solo and group level. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.
- 2.368. The changes will be implemented via amendments of the ITS.

2.1.39 S.23.04 - List of items on own funds

2.1.39.1 Identification of the issue

- 2.369. Template S.23.04 is a non-core template requesting a list annual of own funds items.

2.1.39.2 Analysis at solo level

- 2.370. Two options have been considered:
- 1) Keep template as in current ITS
 - 2) Improve the template considering experience
- 2.371. In addition, as part of the overall proportionality approach, the definition of a threshold was considered.
- 2.372. The template is considered as fit-for-purpose and no changes were identified, however the following has been identified as requiring updates:
- 2.373. Reconsider the need for 'option 1 - Tier 1' in C0030, instruments are either restricted T1 or unrestricted T1.
- 2.374. From a proportionality principle perspective the template is considered relevant only when material changes occurred during the year or when RFF exist. Therefore the template should only be due when material changes occur or when RFF exist. It was discussed that the submission of this template is partially linked to the threshold applied used for submission of template S.23.03 and the same threshold is used. The application of proportionality, however, may create challenges at group supervision level where templates 23.04 are considered core to understand prudential requirements. Please see further details in the advice for groups.

2.1.39.3 Conclusion at solo level

- 2.375. EIOPA proposes not to change template S.23.04 at solo level.
- 2.376. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.
- 2.377. Changes will be incorporated via amendments of the ITS.

2.1.39.4 Analysis at group level

- 2.378. EIOPA considered the following options:

1) Keep template as in current ITS

2) Improve the template

- 2.379. Supervisors use this template but found that information on the total non-available own funds is missing. This info is needed to allow a proper assessment of the availability of the own funds. Having only information on the part of the OF exceeding the contribution does not allow supervisors to perform this assessment.
- 2.380. Enhancement of the overall own funds QRTs is also needed. For instance, to provide information on whether an availability assessment has been performed at group level. In particular, concise information on non-available own funds is needed, and not only for the ones that are deducted from own funds.
- 2.381. The discussion of thresholds at group level, as for solo, is work in progress. The size and volatility of the threshold proposed will be analysed, as well as having a different type of threshold or one considering other variables.
- 2.382. Group supervisors' concern about setting a threshold for templates that are core in supporting prudential analysis is that useful information in the various Tables under S.23.04 will be lost by the application of a threshold, and it will be difficult for supervisors to complete the analysis of own funds, including the availability assessment.

2.1.39.5 Conclusion at group level

- 2.383. EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021. In any case when non-available own-funds exist (before any deductions are applied) the template will always be required at group level.
- 2.384. Tables covering "Calculation of non-available own funds at group level - exceeding the contribution of solo SCR to Group SCR" scope is changed and is proposed to cover all non-available own funds instead of only the ones that exceed the contribution. This will support the assessment of availability of own funds. The table will be slightly amended to include all the non-available own fund items that contribute to the calculation of the amount to be deducted (e.g. new columns in S.23.04.04.10 disclosing the amount of non-available own funds items in the Reconciliation Reserve and total non-available own funds that will be compared to the solo contribution in order to calculate the amount of non-available own funds per each undertaking to be deducted. The total amount (for all related entities) of non-available own funds to be deducted will be reconciled with the relevant components in S.23.01 to facilitate the analysis of the non-available excess own funds.
- 2.385. The proposed changes will be implemented via amendments of the ITS.

2.1.40 S.24.01 - Participations held - S.24.01

2.1.40.1 Identification of the issue

2.386. Template S.24.01 is a non-core template with information on Participation held. This is a very specific template and relevant to complement the information on SCR and Own Funds.

2.1.40.2 Analysis

2.387. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.388. In addition, as part of the overall proportionality approach, a risk-based threshold was considered.

2.389. EIOPA believes the template is fit for purpose and should not be amended.

2.390. Regarding proportionality EIOPA believes that the nature of how participations included in the template are defined already has embedded proportionality.

2.1.40.3 Advice

2.391. EIOPA proposes no changes to template S.24.01. No changes in the regulatory framework.

2.1.41 S.25.01 - Solvency Capital Requirement - for undertakings and groups on Standard Formula

2.1.41.1 Identification of the issue

2.392. Template S.25.01 is a core annual template reflecting information on the Solvency Capital Requirement. It is reported by undertakings and groups using the standard formula.

2.1.41.2 Analysis

2.393. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Add information on the type of capital add-on of Article 37 (1) and extend the information on diversification to the submodule level.

2.394. This template is considered as core so no proportionality threshold was considered.

2.395. For standard formula users EIOPA believes that the template could be improved to capture the type of capital add-on imposed while the request of quarterly information does not seem absolutely needed for the moment.

2.396. This template includes the amount of Diversification between main BSCR risk modules. This amount reflects only a part of the total diversification benefits calculated with the standard formula. EIOPA proposes that the total amount of diversification (from lowest submodules to top SCR) are reported instead.

Indeed the Diversification disclosure as it is currently is misleading and incomplete, and is also not comparable to the level of disclosure as proposed for Internal Model users. This change would require amendments to the ITS.

2.1.41.3 Conclusion

2.397. EIOPA proposes to introduce the following amendments in the ITS regarding this template:

- **Collect the split of Capital add-ons by type according to Article 37 (1) of the Solvency II Directive.**
- **Report the amount of Diversification benefits, based on diversification within each risk module and across risk modules.**
- **Change the instructions to request reporting of cells R0010 to R0070 and R0100, C0030 to C0050.**

2.1.42 S.25.01, S.26, S27: Standard formula reporting for undertakings and groups using a full or partial internal model

2.1.42.1 Identification of the issue

2.398. Template S.25.01 is a core annual template reflecting information on the Solvency Capital Requirement for undertakings and groups using the standard formula.

2.399. The template is not currently requested for undertakings using internal models, however each undertaking that applies for an internal model has to provide standard formula SCR data for comparison during the approval process. After the internal model approval there is no legal obligation to report its solvency position using standard formula unless special circumstances exist and the NCA requests it (under article 112 (7) of the Solvency II Directive). In practice, some NCAs, as part of their regular reporting, request standard formula figures for comparison purposes and to monitor the differences to the internal model data.

2.400. The templates S.26 and S27 cover the details of reporting of standard formula calculations for undertakings and groups using the standard formula. Some NCAs also request certain parts of these templates from internal model users.

2.401. For users of partial internal models it was noted that some undertakings did not report S.26 and S.27 for risks not covered by the internal model part of the partial internal model. For example, the reporting requirements for S.26 templates are not fully clear and not interpreted by undertakings in the same way. If the model covers only a risk sub-module, then it is expected that the undertaking reports in S.26 the SF SCR information linked to the sub-modules calculated with the SF. For instance: if the model covers only property risk, within the Market risk module, then S.26.01 (market risk) should still be reported and should include SCR information for the sub-modules under SF.

2.1.42.2 Analysis

2.402. On the standard formula reporting for users of partial internal models and full internal models two options have been considered:

- 1) Continue with the current practice of requiring the information on a by need basis.
 - 2) Request standard formula SCR calculation data covering S.25.01, S.26 and S.27 from undertakings and groups using an internal model for supervisory reporting on an annual basis. The templates would be reported for supervisory purposes only and not be part of the public reporting, i.e. inter alia not part of the SFCR.
- 2.403. Option 2 implies an amendment in article 112 (7) of the Solvency II Directive.
- 2.404. Please note that in the case of partial internal models, the templates form an additional set of templates that need to be reported in parallel to those templates which contain the standard formula part of the partial internal model.
- 2.405. Furthermore, it should be clarified that in the regular reporting on the results of a partial internal model the standard formula templates need to be filled for all risks that are not covered by the internal model part of the partial internal model.

2.1.42.3 Conclusion

- 2.406. **EIOPA proposes to collect standard formula figures from users of full internal models or partial internal models on an annual basis and amend the Solvency II Directive accordingly.**
- 2.407. **This requirement covers the templates S.25.01, S.26 and S.27 and would be relevant for solo undertakings and for groups.**
- 2.408. **These templates should be part of the regular reporting to supervisors but not part of public reporting.**
- 2.409. **For users of partial internal models it should be clarified that this new reporting is an additional second reporting in parallel to the current reporting for risks that are not covered by the partial internal model. Regarding this latter reporting it should be clarified in the ITS that S.26 and S.27 have to be filled for all risks not covered by the partial internal model.**

2.1.43 S.25.02 and S.25.03 - Solvency Capital Requirement for undertakings and groups using a partial or full internal model

2.1.43.1 Identification of the issue

- 2.410. The templates S.25.02 and S.25.03 were developed as annual templates to collect SCR results from undertakings and groups using a partial internal model or a full internal model.
- 2.411. The templates allow great flexibility but it severely compromises comparability. The data reported is agreed upon between each undertaking and group and the respective NCA and usually contains only high level SCR data while more granular information is collected by NCAs in further dedicated templates which are tailored to the internal model and the risk profiles, but not part of QRTs and not available to EIOPA). This results in the submission of data which can't be used at a European level for the purposes of market analysis and comparison between undertakings.

2.1.43.2 Analysis at solo level

2.412. The following options have been considered:

- 1) Keep template as in current ITS
- 2) Replace S.25.02 and S.25.03 with a new template (total) in uniform layout at the level of granularity of S.25.01 but flexible enough to allow for adequate reporting for partial and full internal models for supervisory purposes and for public reporting.
- 3) This Option takes into account option 2 and additionally it request detailed information (modular) on the level of granularity of S.26 and S.27 in templates of uniform layout which are reported based on availability according to the given model architecture and risk profile and are only part of supervisory reporting but not publically disclosed.

2.413. Practical experience from NCAs and EIOPA confirmed that there is no added value from keeping templates S.25.02 and S.25.03 separate as long as the new uniform template is flexible enough.

2.414. EIOPA proposes to follow option 3.

2.415. S.25.02 and S.25.03 would be replaced with a new template.

2.416. Furthermore additional QRTs would be introduced to cover market & credit risk, life and health SLT underwriting risk, non-life and health non-SLT underwriting risk and operational risk. These templates would be reported based on availability according to the internal model architecture and risk profile.

2.417. These templates are considered as core so no proportionality threshold was considered.

2.1.43.3 Conclusion at solo level

2.418. EIOPA proposes to replace S.25.02 and S.25.03 with a new template in uniform layout with a similar level of granularity as of current S.25.01 but allowing for some flexibility (as defined in the logs) to adequately report on partial and full internal models for supervisory and for public reporting purposes.

2.419. EIOPA furthermore proposes to additionally request detailed information on the level of granularity of S.26 and S.27 in uniform templates which are reported based on availability according to the given model architecture and risk profile. These templates are only part of supervisory reporting but not publicly disclosed.

2.1.43.4 Analysis at group level

2.420. The following options have been considered:

- 1) Keep template as in current ITS
- 2) Follow the approach as proposed for the solos level and adjust or supplement as necessary.

2.421. Although there might be certain peculiarities for groups like the combination of methods, in general no systematic differentiation in the structure of templates is needed.

2.422. Consequently a new uniform template needs to allow for information on SCR from Non-Controlled Participations (NCP), Other Financial Sectors (OFS) and

undertakings not covered by the internal model like S.25.02 and S.25.03 currently do. Regarding risk categories the same approach as in the solo templates should be adopted.

2.423. Additionally it seems to be useful to collect information on the approach on the volatility adjustment (VA), i.e. if the VA is used and if so, if used as constant VA (CVA) or as dynamic VA (DVA). This information could be collected in S.33, which covers already now the method used to calculate the SCR on solo level.

2.1.43.5 Conclusion at group level

2.424. EIOPA proposes to follow at group level the approach as presented for the solo level, i.e. to replace S.25.02 and S.25.03 with a new template in uniform layout with a similar level of granularity as of current S.25.01 but allowing for some flexibility (as defined in the logs) to adequately report on partial and full internal models for supervisory and for public reporting purposes. This new template should additionally cover group specifics such as Non-Controlled Participations (NCP), Other Financial Sectors (OFS) and SCR contributions from undertakings not included in the scope of the internal model like S.25.02 and S.25.03 currently do.

2.425. The additional detailed information with the level of granularity of S.26 and S.27 should also be requested in uniform templates which are based on availability according to the given model architecture and risk profile as available. These templates are only part of the supervisory reporting and not publically disclosed.

2.426. EIOPA also proposes to extend the content of group templates to collect information on the use and approach to the volatility adjustment (VA), i.e. whether the VA is used and if so, whether it is used as constant VA (CVA) or dynamic VA (DVA).

2.1.44 S.26.01 - Solvency Capital Requirement - Market risk

2.1.44.1 Identification of the issue

2.427. Template S.26.01 is a core annual template reflecting information on the Market risk of the Solvency Capital Requirement. It is reported by undertakings using the standard formula.

2.1.44.2 Analysis

2.428. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Request reporting of risks that are classified as immaterial and information on liabilities backing Long-Term Equity investments

2.429. This template is considered as core so no proportionality threshold was considered.

2.430. For standard formula users EIOPA believes that the template is fit for purpose.

2.431. However following the experience of the last 3 years the following has been identified:

- In current table it is hard to understand to what amount of liabilities the direct shock is applied and for what indirect (unit linked fees, profit sharing, etc). Could be useful to expand the table;
- Review of the usefulness of gross SCR data is needed, particularly for with-profits business as it does not make an allowance for terminal bonus charges.

2.1.44.3 Conclusion at solo and group level

2.432. EIOPA proposes in ITS to:

- Include additional information to S.26.01 (Market SCR) to get the sum of liabilities that are backed by "Long Term Equity" (LTE) according to life and non-life liabilities.

2.1.45 S.26.02 to S.26.06

2.1.45.1 Identification of the issue

2.433. Templates S.26.02 to S.26.06 are core annual templates reflecting information on the Life underwriting risk of the Solvency Capital Requirement. These are reported by undertakings using the standard formula.

2.434. No specific comments received from stakeholders.

2.1.45.2 Analysis

2.435. Two options have been considered:

- 1) Keep templates as in current ITS
- 2) Request reporting of the risks that are classified as immaterial.

2.436. Option 2 implies an amendment in article 112 (7) of Solvency II Directive.

2.437. These templates are considered as core so no proportionality threshold was considered.

2.438. Following the experience of the last 3 years the following has been identified:

2.439. For both S.26.04.01 (SCR health underwriting risk) and S.26.05.01 (SCR non-life underwriting risk) Split "Vprem" into its components to allow an assessment of the main drivers of the risks and to supervise the calculation of FPfuture: Ps, Plast, FPexisting and FPfuture. The split could also be done to distinguish annual from multi-annual contracts. This would provide useful information for supervision (short term or long term risk) and for possible recalibrations of the newly introduced "alpha" parameter.

2.440. For standard formula users EIOPA believes that the templates are fit for purpose.

2.1.45.3 Conclusion at solo and group level

2.441. EIOPA proposes no changes to templates S.26.02 to S.26.06.

2.1.46 S.26.07 - Solvency Capital Requirement – Simplifications

2.1.46.1 Identification of the issue

2.442. Template S.26.07 is a core annual template reflecting information on the simplifications used in the calculation of the Solvency Capital requirements. It is reported by undertakings using the standard formula.

2.1.46.2 Analysis

2.443. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template

2.444. This template is considered as core so no proportionality threshold was considered.

2.445. However the template should be reviewed considering the template to be discussed to report on the use of proportionality measures.

2.1.46.3 Conclusion

2.446. **No changes are envisaged for the moment.**

2.1.47 S.27.01 - Solvency Capital Requirement - Non-life and Health catastrophe risk

2.1.47.1 Identification of the issue

2.447. Template S.27.01 is a core annual template reflecting information on the Non-Life and Health catastrophe risk of the Solvency Capital Requirement. It is reported by undertakings and groups using the standard formula.

2.1.47.2 Analysis

2.448. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Adapt the template to identify application of EIOPA Supervisory Statement

2.449. This template is considered as core so no proportionality threshold was considered.

2.450. Following the experience of the last 3 years the following has been identified:

- There is no reporting per zone, only per region. However it would be useful to know whether this option has been used. Further info could be then requested:
 - o a cell indicating whether this option has been used and for which risk and within which region;
 - o the comparison of the calculation with and without the option to assess the materiality: "SCR before risk mitigation and regardless of the application of policy conditions (such as indemnity limits and

deductibles)” and “SCR before risk mitigation and taking account of specific policy conditions”.

- To regularly assess the NAT CAT risks, it would be beneficial to request results of vendor models used by insurers. Information from vendor models could be reported for each risk and each country.

2.451. For standard formula users EIOPA believes that the template is fit for purpose.

2.1.47.3 Conclusion

2.452. EIOPA proposes no changes to template S.27.01 at the moment.

2.1.48 S.28.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

2.1.48.1 Identification of the issue

2.453. Template S.28.01 is a core annual template reflecting information on the Minimum Capital Requirement. It is reported by undertakings non composites.

2.1.48.2 Analysis

2.454. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Improve the template considering experience

2.455. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.

2.456. EIOPA believes the template is fit for purpose and should not be amended.

2.457. Regarding proportionality EIOPA believes this is a core template and cannot be subject to proportionality.

2.1.48.3 Advice

2.458. EIOPA proposes no changes to template S.28.01.

2.459. No changes in the regulations are envisaged.

2.1.49 S.28.02 - Minimum Capital Requirement - Both life and non-life insurance activity

2.1.49.1 Identification of the issue

2.460. Template S.28.01 is a core annual template reflecting information on the Minimum Capital Requirement. It is reported by undertakings non composites.

2.1.49.2 Analysis

2.461. Two options have been considered:

- 1) Keep template as in current ITS

2) Improve the template considering experience

2.462. This template is considered as core so no proportionality threshold was considered. However it should be noted that the template may be exempted quarterly for some undertakings according to article 35 of the Solvency II Directive.

2.463. EIOPA believes the template is fit for purpose and should not be amended.

2.464. Regarding proportionality EIOPA believes this is a core template and cannot be subject to proportionality.

2.1.49.3 Conclusion

2.465. EIOPA proposes no changes to template S.28.02.

2.466. No changes in the regulation.

2.1.50 S.29.01 to S.29.04 - Variation analysis templates -

2.1.50.1 Identification of the issue

2.467. Templates S.29.01 to S.29.04 were developed to analyse the variation of Excess of assets over liabilities (see EIOPA Explanatory notes).

2.468. They provided important information but revealed that in some areas more information was needed, in particular regarding the evolution of the Best Estimate. It was also identified the need to further specify the template for the Life and Non-Life business.

2.469. The information gathered by template S.29.01 and S.29.02, even if considered relevant for certain undertakings, on a regular basis additional sources could be used and the reporting by all undertakings regularly may be eliminated.

2.1.50.2 Analysis

2.470. The following options have been considered:

- 1) Keep template as in current ITS
- 2) Delete S.29.01 and S.29.02 and keep S.29.03 and S.29.04
- 3) Delete S.29.01 and S.29.02 and replace S.29.03 and S.29.04 by new templates, one applicable for Life business and another one applicable for Non-Life business

2.471. During the public consultation EIOPA received a big number of stakeholders' comments in this area. EIOPA will review them in detail and will make its proposal during the ITS amendments on reporting planned to be publicly consulted in 2021

2.1.50.3 Conclusion

2.472. EIOPA will make its proposal during the ITS amendments that are planned to be consulted in 2021.

2.1.51 S.30s - Facultative covers for non-life and life business basic and shares data and Outgoing Reinsurance Program basic and shares data

2.1.51.1 Identification of the issue

2.473. Templates S.30.01 to S.30.04 are a non-core annual template containing information on reinsurance covers:

- S.30.01 and S.30.02 provide information on facultative covers for the 10 most important risks that helps the supervisor to understand the activity of the undertaking.
- S.30.03 and S.30.04 are filled with information on reinsurance treaties valid in the next reporting year, which is important to have a good view on the structure of the reinsurance program and the real exposure of the undertaking.

2.474. The aim of the data submitted by the undertakings regarding the outgoing reinsurance program and exposures are multiple, including:

- To get insight in and to monitor the reinsurer's share and related concentration risks in issued capacity, reinsurance premium and in technical provision (jurisdiction, (re)insurance group, rating, type of (re) insurer);
- to get insight into the structure and coverage of the reinsurance program for on-site and off-site inspections and for the use of stress tests (per insurer, group, type of insurer);
- To get insight into the composition of the reinsurance panel (geographical, group, rating, supervisory regime, type of (re) insurer) per type of reinsurance contract.
- Consistency check with other templates (balance, damage / premium / costs, technical provisions and SCR Catastrophe);
- Consistency checks with Pillar 1 (SCR calculation) and Pillar 2 (ORSA).

2.1.51.2 Analysis

2.475. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Simplify the template considering experience

2.476. In addition, as part of the overall proportionality approach, a risk-based threshold was considered.

2.477. EIOPA acknowledges the concerns on these templates but strongly believes that data quality issues will not be solved with the reporting of less granular information. EIOPA believes that the reporting of granular information is crucial for the analysis of reinsurance but understands that simplifications should be included when possible as well as additional clarifications are needed.

S.30.01:

2.478. The simplifications/improvements identified in S.30.01 were the following:

- Replace the 10 most relevant risks per line of business by the overall 20 largest facultative reinsurance exposures plus the largest two in each line of business if not covered by the largest 20 (in line with template S.21.02);
- To accommodate this the 'line of business' needs to be added to the first table;
- Delete C0180 and C0330 related to Commission;
- Replace C0040 by a new one with the description of operation of the facultative reinsurance item (e.g. how to apply this cover).

S.30.02: Undertakings need only to report on the shares reported in S.30.01

2.479. The simplifications/improvements identified in S.30.02 were the following:

- The reported information regarding the reinsurance brokers is hardly used, from a risk based perspective, as this information is business to business. For this reason we propose to delete the broker info (C0370/C0380/C0390).

S.30.03:

2.480. Members are not convinced that the detailed information regarding the reinsurance commissions is useful, but an indicator on whether or not a 'sliding scale commission' is used would be helpful. For that, EIOPA proposes:

- Add one field with the question: sliding scale commission y/n;
- Add two fields of relevant claim ratios for sliding scale commission – field with minimum and field with maximum claim ratio on which is the amount of sliding scale commission dependant;
- Add a field to address the coverage of a layer (it might not always be fully (100%) covered by reinsurance);
- Add a field to address the order of claims within the reinsurance program;
- Add field to report the minimum and maximum and the expected commission
- Delete the fields C0270 to C0350 (details on reinsurance commissions).

S.30.04:

2.481. The simplifications/improvements in S.30.03 were the following:

- according to the explanation given in S.30.02, we propose to delete the broker info (C0070/C0090/C0270/C0290).

2.482. EIOPA believes that the reporting of the 20 biggest single underwriting risks plus the 2 largest two in each line of business is already a reflection of the principle of proportionality, however consideration should still be given to the materiality of the reinsurance business ceded. These templates should only be due when the ratio of recoverables over best estimate is, for any line of business, higher than 1% and the Total Non-life catastrophe risk after diversification after risk mitigation is lower than 70% of the amount after risk mitigation.

2.483. Lastly the number of both stakeholders and NCAs comments clearly indicate the need to improve and provide ore clarifications in the Instructions.

2.1.51.3 Conclusion

2.484. EIOPA proposes to (in S.30.01 to S.30.04):

- Reduce the scope of the templates to the overall 20 largest facultative reinsurance exposures plus the largest two in each line of business if not covered by the largest 20 (in line with template S.21.02);
- Simplify all S.30 templates with a number of deletions and some replacements (as described above);
- EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.
- Clarify the Instructions of the templates, in particular regarding currencies.

2.485. All changes proposed are to be implemented via amendments of the ITS.

2.1.52 S.31.01 - Share of reinsurers (including Finite Reinsurance and SPV's)

2.1.52.1 Identification of the issue

2.486. Template S.31.01 is a core annual template with information on the recoverables recognised in relation to the reinsurer (even if all contracts with that reinsurer have terminated) and whose reinsurer is reducing the gross technical provisions as per end of the reporting year.

2.1.52.2 Analysis

2.487. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Simplify the template considering experience

2.488. This template is considered as core so no proportionality threshold was considered.

2.489. The aim of the data submitted by the undertakings/groups regarding the recoverables is mainly to get insight in and to monitor the reinsurer's share in the outstanding recoverables (on an EU, Country, undertaking). This is very important to monitor the concentrations in case of a credit / insurance event. As almost every insurance and reinsurance undertaking has an exposure with a reinsurer these templates are used intensively.

2.490. When using the information on this template NCAs identified the need to link the recoverable by treaty instead of by re-insurer. A solution would be to request the information of S.31 in the S.30s. However EIOPA considered the template fit-for-purpose.

2.491. It was also considered to request information in case of negative recoverables but that request was not considered in line with the purpose of the template.

2.492. The only change being proposed is the one resulting from the deletion of the assets from template S.02.02, i.e. need to include information on currency in template S.31.02. However, strong concerns were identified by stakeholders and EIOPA will further analyse the best solution.

2.1.52.3 Conclusion

2.493. **EIOPA proposes to add in S.31.01 a currency field both at solo and group level.**

2.494. **The change is to be implemented by ITS amendment.**

2.1.53 S.31.02 - Special Purpose Vehicles

2.1.53.1 Identification of the issue

2.495. Template S.31.02 is an annual core template that gives insight in the exposure towards and SPV. This template is only used in case the reporting undertaking has a (potential) claim on an SPV (for instance if the insurance risk are (partly) securitised to a Cat-bond).

2.1.53.2 Analysis

2.496. Two options have been considered:

- 1) Keep template as in current ITS
- 2) Simplify the template considering experience

2.497. This template is considered as core so no proportionality threshold was considered.

2.498. As there are not so many securitisations in place in the EU and as the information provided in case there is a securitisation via a SPV is key, it makes no sense to change anything on these templates.

2.499. In 2017 only 4 countries (in total 10 undertakings) had exposures to SPV, with a maximum exposure of 13.5 billion. For just a few undertakings this seems a material part of the exposure.

2.1.53.3 Conclusion

2.500. **EIOPA proposes to keep template S.31.02 as in current ITS.**

2.501. **No changes in the regulation are envisaged.**

2.1.54 S.32.01 –Undertakings in the scope of the group

2.1.54.1 Identification of the issue

2.502. Template S.32.01 is a core template required to be reported by groups using method 1 as defined in Article 230 of Directive 2009/138/EC, method 2 as defined in Article 233 of the Directive 2009/138/EC and a combination of methods. It is a list of all undertakings in the scope of the group in the meaning of Article 212(1)(c) of Directive 2009/138/EC, including the participating

insurance and reinsurance undertakings, insurance holding companies, mixed financial holding companies or mixed activity insurance holding company.

2.503. The template provides crucial information on the composition of the group.

2.1.54.2 Analysis

2.504. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Improve the template

2.505. When using the information on this template the following was identified by NSAs:

- This template is very detailed and includes information with no additional benefit. Proposal to reduce the level of detail with only providing the main facts;
- Similar template for individual undertakings would be helpful identifying parenting groups (incl. Non EEA or non-insurers);
- Unfortunately this overview does only provide the consolidation circle and not the Group structure. It would be important to get this information out of this template.
- Reference to the direct participating and direct subsidiary(ies) (ID/LEI codes?), would allow NCAs to recreate the tree structure of the Group (S.32.01 full list of entities in the Group combined with the Id references of the direct parents and subsidiaries would allow EIOPA to have the tree structure view, also would benefit the NSAs in the same manner.

2.506. EIOPA considers the template as necessary to map all the undertakings in the group and to collect a minimum set of information on the consolidation process and on the individual undertakings, therefore the proposal is to keep it. Considering all the above proposals EIOPA believes that the information on the direct and ultimate parent(s) (name and country) and direct subsidiary(ies) would increase the use of the information within the template and provide NSAs with additional crucial information to better understand the group structure.

2.507. In addition, considering the principles of promoting the use of standardised codes, EIOPA promotes the use of LEI code. There is an identified need for higher standardisation and use of international standards, with EIOPA Guideline on LEI and with MiFIR. It is fundamental that by now all insurance and reinsurance undertakings and most EEA undertakings already have a LEI.

2.508. From an internal model perspective, this template can be used to provide information on whether the internal model is used for SCR calculations at group and/or solo level and to know which type of volatility adjustment is being used for each solo undertaking for the group SCR calculations. This info is needed to allow a proper assessment of the group figures compared to the solo ones.

2.1.54.3 Conclusion

2.509. EIOPA proposes to amend S.32.01 as follows:

- Amend C0020 – Identification code of the undertaking – to require the LEI code to be mandatorily used for EEA insurance and reinsurance undertakings and other EEA regulated undertakings (approach to non-EEA undertakings and non-regulated undertakings is kept);
- Include certain information that facilitates the identification of a group and easily maps the relationship between the various undertakings in a group. The information should include LEI codes where those are available (otherwise using national Specific Codes as explained in the XBRL filing rules) and some other relevant details to identify the nature of the connection (e.g. driven by capital ties, a mutual relationship, management under unified or centralised basis, etc.);
- Add the following three new columns to the group templates (the most relevant template to be further identified):
 - o “Covered by internal model for Group SCR calculations”. The answer shall be a closed list with two options: i) Yes and ii) No.
 - o “Uses the group model for solo SCR calculations”. The answer shall be a closed list with two options: i) Yes and ii) No.
 - o “Type of VA being used”. The answer shall be a closed list with four options: i) No VA, ii) Constant VA, iii) Dynamic VA; iv) Other for non-EEA entities.

2.510. All proposed changes are to be implemented by ITS amendments.

2.1.55 S.33.01 - Insurance and Reinsurance individual requirements

2.1.55.1 Identification of the issue

2.511. Template S.33.01 is a core template required to be reported by groups using method 1 as defined in Article 230 of Directive 2009/138/EC, method 2 as defined in Article 233 of the Directive 2009/138/EC and a combination of methods. It collect information on all insurance and reinsurance undertakings of the group from EEA and non-EEA countries applying Directive 2009/138/EC reported in accordance with the rules therein when the method 2 as defined in Article 233 of Directive 2009/138/EC or a combination of methods is used and information on the local capital requirements, local Minimum Capital Requirements and eligible own funds of all non-EEA insurance and reinsurance undertakings of the group shall be reported in accordance with local rules, regardless of the method used for the calculation of the group solvency.

2.1.55.2 Analysis

2.512. EIOPA considered the following options:

- 1) Keep template as in current ITS
- 2) Amend the template

- 2.513. EIOPA considered the comments received but is of the view that S.33.01.04 contains information for EEA insurance and reinsurance undertakings on eligible own funds and SCR (including a break down on SCR Modules, information on Standard Formula and Internal Model used, information capital add on) as well information for Non EEA insurance and reinsurance undertakings on local capital requirements and eligible own funds that are considered relevant for the supervision of group solvency.
- 2.514. The information in S.33.01.04 specifying requirements of insurance and reinsurance undertakings in the scope of the group is crucial for group supervision. Furthermore, some information gaps have been identified by NSAs when using the information provided in the template:
- According to the Commission Implementing Regulation (EU) 2015/2450 the information in respect to the EEA insurance and reinsurance undertakings has only to be reported regarding the undertakings when deduction and aggregation method or a combination of methods is used and supervisors believe the information is also relevant for the ones included in method 1
 - As it is noted that the information on non-EEA undertakings is limited to the scope of cells C0240 to C0260, it will be important that the information regarding own funds and SCR (cells C0060 to C0230) also applies to the non-EEA undertakings also need to be included.
- 2.515. It is also crucial for the logs to clarify the purpose of the data in this template, and for the template to provide information to supervisors that improves the assessment of availability of own funds as well as that facilitates assessing the amount of diversification effects. The proposed changes will bring transparency and consistency on the approach followed. It is expected that the changes will not add burden to industry as they use the information to calculate the data for the group solvency requirements, and the efforts will be related to bringing in the information in the QRT template.

2.1.55.3 Conclusion

2.516. EIOPA proposes that information regarding own funds and SCR (cells C0060 to C0230) should be reported also for all EEA and all non EEA (not only on local basis) insurance and reinsurance undertakings under method 1 to provide supervisory authorities an overview of all solo SCRs. The template should also include a column with information on the solo contribution to group SCR.

2.517. All proposed changes are to be implemented by ITS amendments.

2.1.56 S.34.01 - Other regulated and non-regulated financial undertakings including insurance holding companies and mixed financial holding company individual requirements

2.1.56.1 Identification of the issue

2.518. Template S.34.01 is a core template required to be reported by groups using method 1 as defined in Article 230 of Directive 2009/138/EC, method 2 as defined in Article 233 of the Directive 2009/138/EC and a combination of methods and covers the individual requirements of financial undertakings other than insurance and reinsurance undertakings, and of non-regulated undertakings carrying out financial activities as defined in Article 1(52) of Delegated Regulation (EU) 2015/35, such as credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies, institutions for occupational retirement provisions, non-regulated undertakings carrying out financial activities, insurance holding companies and mixed financial holding companies.

2.1.56.2 Analysis

2.519. EIOPA considered the following option:

- 1) Keep template as in current ITS
- 2) Amend the template

2.1.56.3 Conclusion

2.520. **The information provided in S.34.01 is relevant for the assessment of the contributions from undertakings belonging to other financial sectors and non-regulated undertakings in the scope of group solvency. EIOPA proposes to include minor amendments to S.34.01 to capture the contribution of the solo notional SCR to the group SCR with regard to insurance holding companies and mixed financial holding companies. The instructions will also need to be clarified in cases when groups report contribution from the banking sector on a sub-consolidated basis.**

2.521. **All proposed changes are to be implemented by ITS amendments.**

2.1.57 S.35.01 - Contribution to group Technical Provisions

2.1.57.1 Identification of the issue

2.522. The template S.35.01. is a core template and provides an overview on the contribution of technical provisions to the group's provisions giving additionally an overview on reinsurance effects within the group. EIOPA considers it crucial to obtain an overview as group supervisor on the development gross/net and the contribution to technical provisions.

2.1.57.2 Analysis

2.523.EIOPA considered the following option:

- 1) Keep template as in current ITS
- 2) Amend the template

2.1.57.3 Conclusion

2.524.EIOPA proposed to keep S.35.01 as it now, since it provides useful information to the group supervisor.

2.525.No changes to the regulation are envisaged.

2.1.58 S.36.01 IGT - Equity-type transactions, debt and asset transfer

2.1.58.1 Identification of the issue

2.526.EIOPA and the NSAs considered:

- The possibility of extending by projected expected cash flow and valuation of future cash flows at 1-year-period in S.36.03.
- Aligning the IGTs reporting to the reporting package included in the draft ITS for FICO reporting which is largely based on Solvency II.
- The supervisory discussions and outcome of the EU-US Dialogue on IGTs – IGTs at solo level of subsidiaries of 3rd country undertakings, and the challenges when they are not equivalent for group supervision
- The inputs received in preparation for Article 242(2) Report where NSAs shared experiences on most common issues noted when looking at the data submitted in this template.
- To base everything on a transaction base reporting within the reporting period (especially equity type transactions);
- To insert a line with overall number of transactions and number of transactions not reported per template to get an overview of transactions outside of reporting;
- To include information if it is a single transactions or a bundle of connected transactions grouped together (as in the FICOD package).

2.1.58.2 Analysis

- 1) Keep template as in current ITS
- 2) Amend the template with relevant information
- 3) Consider the proposal at FICO level and align the template to it

2.1.58.3 Conclusion

2.527.EIOPA proposes to clarify the instructions and the scope of the template and considers to align the reporting on all IGTs templates with current

work under development for the reporting of IGTs under FiCo⁶ taking into account that the reporting under Solvency II and Fico serve different purposes.

2.528. All proposed changes are to be implemented by ITS amendments.

2.1.59 S.37.01 - Risk concentration

2.1.59.1 Identification of the issue

2.529. The template S.37.01. is a core template and provides an overview on the risk concentration at group level.

2.1.59.2 Analysis

- 1) Keep template as in current ITS
- 2) Simplify the template
- 3) Consider the proposal at FICO level and align the template to it

2.530. The proposed risk concentration reporting package at FICO level is the combination of:

- an “open” template less granular compared to the Solvency II one, for the collection of data on exposures broken down by counterparty (but not on single exposure), that allows supervisors to identify and monitor the significant exposures by counterparty and type of risks. This open template should be reported only for significant exposures, i.e. exposures that hit the thresholds;
- 2 synthetic tables (S.07 Currency sector country and S.08 Asset and class rating in annex TS on FICO reporting) reporting the risk concentration, at financial conglomerate level, broken down by sector, country and currency and by asset class and rating. The proposal is that such tables are based on the whole amount of the financial conglomerate’s exposures to third parties, significant and not significant, in order to have a synthetic view on the major exposures at the financial conglomerate level for each feature.

2.1.59.3 Conclusion

2.531. EIOPA proposes to:

- Consider amending of the template in line with the proposal under discussion in the context of ESAs work on the Risk concentration reporting at the level of the financial conglomerate⁷ when the proposal for reporting risk concentrations in the financial conglomerates is finalised considering the different purposes of the templates. The draft template on RC under discussion in that context is simplified and

⁶ <https://eba.europa.eu/-/esas-launch-consultation-on-technical-standards-on-the-reporting-of-intra-group-transactions-and-risk-concentration-for-financial-conglomerates>

⁷ <https://eba.europa.eu/-/esas-launch-consultation-on-technical-standards-on-the-reporting-of-intra-group-transactions-and-risk-concentration-for-financial-conglomerates>

less granular (not by single exposure but by counterparty) with expected benefits for both the groups and the supervisors;

- **Clarify the instructions and the scope of the template.**

2.532. All proposed changes are to be implemented by ITS amendments.

2.1.60 Main information gaps identified

2.533. The analysis of the fit-for-purpose covered the proportionality principle as well as the identification of gaps in the information received. The information received should be fit for the purposes of the Supervisory Review Process. This led to a revision of the current framework and identification of the information that was not regularly used for the majority of insurance and reinsurance undertakings but as well to an analysis of the information supervisors identified as gaps in the regular information received. Sometimes the gaps addressed information to complement existing templates while in other it addressed new information.

2.534. EIOPA proposal includes two different ways of covering the gaps identified:

- Creation of new templates (for example as proposed for cyber risk), or revised templates (for example as proposed for cross-border business), to incorporate new information;
- Incorporation in the XBRL taxonomy and all related implementation documentation of harmonised templates to be requested by NCAs when adequate but not to be included in the ITS as regular information. This approach was identified as necessary for the areas of Deferred Taxes and Loss Absorbency Capacity of Deferred Taxes, issuance of loans and mortgages and information on pension plan and products offered by insurance companies regarding the information included in EIOPA Database of Pension Plan and Products in the EEA.

2.1.61 New templates

2.1.62 Cyber risk

2.1.62.1 Identification of the issue

2.535. The significance of the European cyber insurance industry is growing. New regulations, as well as new technological developments and further materialisation of incidents are expected to raise awareness and foster demand for cyber insurance in the coming years. EIOPA has developed a number of initiatives in the area of cyber and EIOPA published in 2018 a dedicated report EIOPA's Report on "Understanding Cyber Insurance - A Structured Dialogue with Insurance Companies" where one of the conclusions was that there is a clear need for a deeper understanding of cyber risk.

2.536. The coverage of cyber risks by the insurance industry is developing at a remarkable pace. Nevertheless, more work needs to be done in terms of products, services and risk transfer mechanisms. A first basic step from a

supervisory perspective is to start receiving regular information on the cyber insurance business, by types of covers and markets addressed.

2.537. The phenomenon of silent cyber (i.e. non-affirmative cyber) coverages also deserves supervisory attention to guarantee that both underwriters and policyholders are resilient and conscious about policies circulating in the market.

2.538. The information to be requested should provide information to supervisors to allow to continue to better understand underwriting risks. This would include distinguish between commercial and individual customers, affirmative and non-affirmative exposures, types of coverages provided, potential accumulation of risks and risk mitigation techniques used. It could also cover the distribution channel used.

2.539. From a business perspective items such as number of policies, premiums, claims, expenses, technical provisions and capital at risk, split by direct and accepted business and as well ceded reinsurance should be reported

2.1.62.2 Analysis

2.540. The following options were considered when designing the template:

- 1) Ask information as a LoB and include information across all relevant templates (e.g. S.04, S.14, S.17, etc);
- 2) Develop a specific template dedicated to cyber underwriting;
- 3) Use the newly developed 'S.14.01' template for Non-Life to request specific information on cyber coverages as well.

2.541. Ideally, this would be defined as a separate LoB by COM, but this would perhaps take some time more to be put into practice as this would cause a number of direct and indirect impacts on overall capital requirement calculations.

2.542. During the 2018 stress test, which included some data on cyber risks, participating undertakings showed difficulties in providing the requested information.

2.1.62.3 Conclusion

2.543. EIOPA proposes to develop a specific new template dedicated to cyber underwriting covering the following information:

- (1) Product Group Code (CAU-type of code assigned internally by undertakings)**
- (2) Target market:**
 - a. B2B**
 - b. Individual Customers**
 - c. A combination of both**
- (3) Product Category:**
 - a. First Party Loss;**
 - b. Third Party Loss;**
 - c. Costs and related services;**
- (4) Impact of cyber component in the Product Category:**
 - a. Cyber standalone coverage;**
 - b. Cyber as add-on coverage (cyber being the main risk being covered);**

- c. **Cyber as add-on coverage (cyber not being the main risk being covered)**
- (5) **Lines of Business**
- (6) **Description of risks included in the coverage:**
 - a. **Network interruption;**
 - b. **Network interruption OSP;**
 - c. **Network interruption: system failure;**
 - d. **Cyber Extortion;**
 - e. **Electronic Data Incident;**
 - f. **Cyber Theft;**
 - g. **Data Restoration;**
 - h. **Extra Expense;**
 - i. **System clean-up costs;**
 - j. **Physical injury;**
 - k. **Data Protection and Cyber Liability;**
 - l. **Media Liability;**
 - m. **Wrongful collection of information;**
 - n. **Media content infringement/defamatory content;**
 - o. **Violation of notification obligations;**
 - p. **First response;**
 - q. **Event Management;**
 - r. **Communication Costs;**
 - s. **Credit/identity monitoring;**
 - t. **Criminal reward Fund;**
 - u. **Contingent Business Interruption;**
 - v. **Financial fraud;**
- (7) **Other**
- Currency**
- (8) **Sum(s) insured**
- (9) **Premium(s)**
- (10) **Sum(s) reinsured**
- (11) **Number of claims settled with Payment**
- (12) **Amount of Claims Paid**
- (13) **Number of Claims settled without payment**
- (14) **Technical Provisions**

2.544. The template shall be subject to the application of a threshold based on the following:

- (15) The sum of exposures of standalone cyber and policies with cyber as add-on coverage is greater than 25% of the overall non-life business pursued by the undertaking

OR

- (16) Number of policies that include cyber (i.e standalone cyber and/or cyber ad add-on policy) represent more than 3% of the total number of policies sold for the non-life business
- (17) EIOPA is in a process of analysing the threshold of the template. The Impact Assessment includes the impact of the different options analysed. Concrete proposal will be submitted during the ITS amendments to be publicly consulted in 2021.

2.545. The proposed changes are to be incorporated via amendments of the ITS.

2.1.63 'S.14' template for non-life

2.1.63.1 Identification of the issue

- 2.546. A big gap was identified by supervisors in the information received regarding non-life insurance products. In fact some NCAs have even developed national specific templates to cover for this gap and other NCAs have requested specific information on non-life insurance products on an ad hoc basis.
- 2.547. The existence of this gap has been further emphasized by the COVID-19 crisis considering that, given the reporting by line of business, for a number of products which came under the spotlight (e.g., business interruption and travel insurance) and for which an assessment of existing contracts has been deemed necessary, it has been difficult for supervisors to quantify the number of contracts in being for these products to identify which solo undertakings would be most impacted monitor risks and quantify if pay-outs were to materialize.
- 2.548. The proposal made by EIOPA in the field of insurance guarantee schemes (IGSs) in Chapter 13 of this Opinion provides an additional argument on the need to address this gap. Given the lack of product-by-product reporting for non-life insurance, the eligible policies for which the IGSs should be standardized across Member States have been identified in EIOPA's Advice based on the existing insurance classes provided by the Solvency II Directive. This could make it difficult to ensure that products with similar features that could be linked to one or more lines of business related to the above mentioned classes will fall within or outside of the scope of the proposed harmonisation.

2.1.63.2 Analysis

- 2.549. The following options were considered when designing the template:
- 2.550. Adapt existing templates. In the case of S.21.02, the template presently focuses on the 20 biggest single underwriting risk, based on net retention. It could be extended, by adding an additional table, to cover similar information for the total number of single risks by sum insured (eventually with a threshold)
- 2.551. Develop a new template with a product by product reporting
- 2.552. Develop a new template with a reporting by product categories which would not be as granular as single products but which would more closely match non-life insurance products marketed by insurance undertakings.
- 2.553. Excel file has been tested on a voluntary basis and stakeholders provided feedback during the consultation period (Annex XXV). Instructions are also available in Annex XXVI.
- 2.554. Consideration has also been given as to whether a closed list of product categories should be defined and the level of granularity of these product categories. However, given the pending advice on IGs, to ensure product categories reflect the reporting needs for IGs, it has been also considered to finalize the template whilst postponing the definition of the close list of product categories to when the legislative proposals would be defined by the COM.

2.555. Taking into account that non-life insurance products are also sold with modular options / bundled together options to better define the product reporting have been assessed.

2.556. Supervisory experience has identified room for improvement on the existing templates to enhance insights into the products on the market. The Supervisory Review Process is also evolving taking advantage of new technologies available. The use of innovative technology by NCAs to support supervision helps NCAs to be more efficient and proactive monitoring the risks undertakings face or may face. New applications could represent an important step in more advanced data analytics and ultimately increased policyholder protection. The use of these technologies (SupTech), similarly to when they are used by undertakings (Insurtech, including RegTech) require good quality data at an adequate granular level.

2.1.63.3 Conclusion

2.557. EIOPA is proposing a new template with information by product categories, focused on the main product, for Non-Life business, based on an already existing national template including:

- **A flag specifying whether the main product is sold with an add-on**
- **Number of contracts at the end of the year**
- **Number of new contracts during year**
- **Total amount of Written premiums - direct writing**
- **Total amount of Written premiums - written via credit institutions**
- **Total amount of Written premiums - written via insurance distributors other than credit institutions**
- **Total amount of commissions paid during year**
- **Total amount of claims paid during year**
- **Country**

2.558. The proposed changes are to be incorporated via amendments of the ITS.

2.1.64 Model changes to the internal model

2.1.64.1 Identification of the issue

2.559. The reporting on changes of partial and full internal models is agreed between the undertakings and groups with the responsible supervisory authorities and in the situation of a cross-border group with the supervisory authorities concerned. Furthermore also the classification of model changes in 'major' and 'minor' as well as the approach to the monitoring of the accumulation of impacts from minor changes follows specifics of model architecture and risk profiles. Further aspects to consider might also be local regulatory requirements. As for the quantitative reporting templates on the SCR such tailored approaches imply challenges for activities on European level.

2.1.64.2 Analysis

2.560. The following options were considered:

- 1) Continue with the current practice of collecting information on trends and observations relevant on European level via the EIOPA working group structure.
 - 2) Adapt existing NCA's IM specific templates and collect from NCAs
 - 3) Develop a new template for European purposes to be submitted via the regular reporting processes.
- 2.561. EIOPA for its own purposes on European level prefers to collect information on an aggregated level in a uniform format that could be automatically processed.
- 2.562. The data to be requested should provide information to allow better monitoring at the European level on the evolution of each internal model and the impact it has on the capital requirements and own funds. Currently, this data is reported separately for each internal model and in a different format. If this information is consistently reported in one place then it can be easily accessed and analysed on a European level in order to identify trends in model changes and do impact analysis across different reporting periods.
- 2.563. EIOPA proposes to establish a template that breaks down each major change to its subcomponents and the risk areas impacted. Minor changes are reported as an aggregate and also changes to the MCP are listed.

2.1.64.3 Advice

- 2.564. EIOPA proposes to create a new template as this data is not associated with the quantitative data in S.25.02 and S.25.03.

- 2.565. EIOPA proposes to introduce new template for changes to internal models both at solo and group level with the following information:**
- Major changes broken down into subcomponents and risk areas impacted
 - Aggregation of minor changes
 - Changes to the Model Change Policy itself
 - Description of each subcomponent for each major change
 - Type of change
 - Accumulation and reset information for minor changes
 - Impact on SCR (amount and percentage)
 - Impact on Own Funds
 - Impact if trigger is not SCR

3. Financial Stability Reporting

3.1. Identification of the issue

- 3.2. In 2015 when the ITS on reporting was discussed, the need for more timely information for Financial Stability reporting was identified. This information was then discussed from a scope and timing perspective with the final outcome reflected in the EIOPA GL for FS reporting.
- 3.3. This information is currently received from ~95 groups and 22 solo undertakings, domiciled across 16 different European countries. FS reporting refers to the Quarterly and Annual financial stability reporting for Solos (AFS, QFS), Groups (AFG, QFG) & Third-Country Branches (AFB, QFB).

- 3.4. This information is used for analysis and in several EIOPA products; it is regularly used in the FSR as well as being the primary data source for EIOPA's Risk Dashboard and an important component of the preliminary analysis underlying the insurance stress tests. From experience gained since the implementation of the Solvency II regulatory regime EIOPA has identified some gaps in the scope of the information but also information/entry points which could be removed to reduce the reporting burden on industry.

3.2 Analysis

- 3.5. Considering the above Identification of the issue the proposals considered by EIOPA were the following:
- 1) Keep the scope and deadlines of Financial Stability as of today;
 - 2) Improve the scope of information with the missing gaps identified;
 - 3) Reduce the reporting burden;
 - 4) Aligning timelines of FS reporting with those of standard reporting.
- 3.6. In order to harmonise the type of duration reported on the asset and liability side; three options were considered:
- 1) Request Macaulay duration on the asset side to align with the currently reported liability durations.
 - 2) Request Modified duration on the liability side to align with currently reported asset durations.
 - 3) Request the Effective duration for both assets and liabilities.
- 3.7. EIOPA's preferred option is to request modified duration for the liabilities. However, requesting effective duration as an additional metric is also being considered. Further information on the differences between each Duration measure can be found in Annex I.
- 3.8. The following options were considered when designing the template:
- 1) Adapt existing templates;
 - 2) Develop a new template
- 3.9. Deadlines of Financial Stability reporting need to be kept as they are today. Quarterly financial stability reporting is key to the timely production of the Risk Dashboard quarterly; changing quarterly deadlines to be in line with prudential package would delay the Risk Dashboard production by at least 2 months. Compared with other ESAs, EIOPA's Risk Dashboard is already published with some delay.
- 3.10. In terms of scope of the information collected, some changes are proposed in order to both collect additional information on the identified gaps and reduce the entry points thereby reducing the reporting burden for the industry. These changes are listed below and illustrated in Figure 1.
- 3.11. The recent evolution of the market highlighted the need for a thorough assessment not only on the capital position but also on the liquidity position as

noted by the ESRB⁸⁹ and included in the IAIS Insurance Core Principles¹⁰. EIOPA approached this liquidity monitoring through an ad-hoc data request which proved to be instrumental in monitoring the evolution of liquidity in EEA insurance industry. EIOPA believes a more structured approach should be taken to liquidity risk monitoring and therefore, proposes to implement a new S.14 template for FS reporting with the objective of collecting liquidity focussed data to facilitate close liquidity risk monitoring in the future.

Figure 1 – Illustration of proposed changes to FS reporting

Template code	Template title	afs	qfs	afg	qfg	afb	qfb	afs	qfs	afg	qfg	afb	qfb
		.10	.11	.12	.13	.14	.15	.10	.11	.12	.13	.14	.15
		Annual Financial Stability reporting Solo	Quarterly Financial Stability reporting Solo	Annual Financial Stability reporting Group	Quarterly Financial Stability reporting Group	Annual Financial Stability Third country branches	Quarterly Financial Stability Third country branches	Annual Financial Stability reporting Solo	Quarterly Financial Stability reporting Solo	Annual Financial Stability reporting Group	Quarterly Financial Stability reporting Group	Annual Financial Stability Third country branches	Quarterly Financial Stability Third country branches
		d	c	i	h	x	v	d	c	i	h	x	v
S.01.01	Content of the submission	S.01.01.10	S.01.01.11	S.01.01.12	S.01.01.13	S.01.01.14	S.01.01.15	S.01.01.10	S.01.01.11	S.01.01.12	S.01.01.13	S.01.01.14	S.01.01.15
S.01.02	Basic Information - General	S.01.02.01	S.01.02.01	S.01.02.04	S.01.02.04	S.01.02.07	S.01.02.07	S.01.02.01	S.01.02.01	S.01.02.04	S.01.02.04	S.01.02.07	S.01.02.07
S.02.01	Balance sheet	X	X	X	S.02.01.02	X	X	X	X	X	S.02.01.01	X	X
S.05.01	Premiums, claims and expenses by line of business	X	X	X	S.05.01.13	X	X	X	X	X	S.05.01.13	X	X
S.06.02	List of assets	X	X	X	S.06.02.04	X	X	X	X	X	S.06.02.04	X	X
S.14.01	Life obligations analysis	S.14.01.10	X	S.14.01.10	X	S.14.01.10	X	S.14.01.10	S.14	S.14.01.10	S.14	S.14.01.10	X
S.23.01	Own funds	X	X	X	S.23.01.13	X	X	X	S.23.02	X	S.23.02	X	X
S.25.04	Solvency Capital Requirement (Financial Stability)	X	S.25.04.11	X	S.25.04.13	X	S.25.04.11	X	S.25.04.11	X	S.25.04.13	X	S.25.04.11
S.38.01	Duration of technical provisions	S.38.01.10	X	S.38.01.10	X	S.38.01.10	X	S.38.01.10	S.38.01.10	S.38.01.10	S.38.01.10	S.38.01.10	S.38.01.10
S.39.01	Profit and Loss	X	S.39.01.11	X	S.39.01.11	X	S.39.01.11	X	S.39.01.11	X	S.39.01.11	X	S.39.01.11
S.40.01	Profit or Loss sharing	S.40.01.10	X	S.40.01.10	X	S.40.01.10	X	S.40.01.10	X	S.40.01.10	X	S.40.01.10	X
S.41.01	Lapses	X	S.41.01.11	X	S.41.01.11	X	S.41.01.11	X	S.41.01.11	X	S.41.01.11	X	S.41.01.11

3.3. Conclusion

3.12. EIOPA proposes the following amendments to the Guidelines:

Add:

- New table being proposed in S.23.02 to the Financial Stability entry points (semi-annual frequency);
- In S.38.01.10 (Duration of technical provisions) request the “modified duration” in order to be directly comparable with the reported asset durations as well as the effective duration computed with a 50bps shift
- In S.05.01.13 (Premiums, claims and expenses) request net premiums earned (R0300), in order to allow the calculation of the net combined ratio quarterly;
- In S.39 (Profit and loss) – in addition to Profit and Loss figure, the figures of technical and non-technical account result, taxes, and profit transfers (semi-annually frequency);

⁸https://www.esrb.europa.eu/pub/pdf/other/esrb.letter200608_to_EIOPA_on_Liquidity_risks_in_the_insurance_sector~e57389a8f1.en.pdf

⁹https://www.esrb.europa.eu/pub/pdf/reports/esrb.200226_enhancingmacroprudentialdimensionssolvency2~1264e30795.en.pdf?b3677f92bbd6d1c6024a66d36632456a

¹⁰ <https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool/> N.24 Macroprudential supervision

- Request the S.02.01 annual entry point (with statutory accounts value) in an annual frequency and adding information on accounting equity and reserves (additional lines open for statutory accounts between R0800 and R0810).
- New S.14 (Life & Non-Life) focussing on Liquidity Risk –Collecting product level information on claims, cashed premiums, unearned premiums, fiscal treatment allows EIOPA to build stylised treasury-like flows of insurers which facilitate estimating the sustainability of the liquidity position. Duplication with regular reporting template kept to a minimum.

Reduce:

- In S.38.01.10 (Duration of technical provisions) delete “Macaulay duration” cell;
- Delete full S.14 (Life obligations analysis) from Financial Stability entry points;
- Delete S.40 (Profit or loss sharing) from Financial Stability entry points;
- This results in the overall deletion of Annual FS reporting.

3.13. The proposed amendments will be implemented by changing the Guidelines on Financial Stability Reporting.

4. Solvency and Financial Condition Report

4.1. Templates used in the SFCR

4.1.1. Identification of the issue

- 4.2. The aim of this section is to address the templates already included in the SFCR and assess if changes are needed.

4.1.2. Analysis

- 4.3. Two options have been considered:
- 1) Keep templates as in current Commission Implementing Regulation 2015/2452
 - 2) Improve the templates
- 4.4. There are currently different versions of S.25.01 for the full annual QRT and the publicly available (SFCR) version. The individual SCR components are different between the two versions due to the different treatment of aggregation and diversification benefits. In addition in the review is proposed to delete S.05.02 while the template is kept in the disclosure.
- 4.5. The benefit of having the two different versions of this QRT was questioned. It adds extra work to the preparation of the SFCR QRTs that is needless.
- 4.6. Detailed analysis:
- S.02.01: no changes to disclosure template

- S.05.01: amend to reduce in line with the proposal for reporting (deletion of "Changes in other technical provisions" and add Balance – other technical expenses/income (instead of Other expenses);
- S.05.02: replaced by a new one based on new template S.04.03
- S.12.01: amend to reduce in line with the proposal for reporting (deletion of transitional information)
- S.17.01: amend to reduce in line with the proposal for reporting (deletion of transitional information)
- S.19.01: no changes to disclosure template
- S.22.01: no changes for now but still open for discussion
- S.23.01: no changes to disclosure template
- S.25s: some adaptations may be need to keep the link
- S.28s: no changes to disclosure template

4.1.3. Conclusion for solo and group SFCR

4.7. EIOPA proposes to keep the link between the reporting and disclosure templates and propose necessary adaptation to keep that link as described above.

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