

Complementary information request (CIR) on the holistic impact assessment of the Solvency II review

Questions & Answers as of 09.09.2020

No	Date of publication	Reference (file name, paragraph/tab)	Question	Answer
1.	16/07/2020	Technical specification, par 82	Technical specification can be understood in a way that all insurers applying the standard formula have to calculate the liquidity buffer. However, it seems like that the results would only make sense for insurers applying long term measures. Is the calculation mandatory for everyone, or only given that long term measures are applied?	The application of LTE is independent from the application of LTG measures (such as VA or MA). Undertakings with non-life (re)insurance liabilities should calculate the liquidity buffer for the purpose of the CIR, even where the undertaking fails to meet the required thresholds for the use of LTE, does fail other requirements to apply LTE or does not intend to allocate any equity to the LTE category. This information will be used by EIOPA to calibrate the LTE requirements when finalizing its Advice on the 2020 Review
2.	22/07/2020	Reporting template, "Participant information" tab	The participation tab requires to provide information on written premiums as per 30.06.2020. Is it intended to provide information for a 12 month period (01.07.2019 to 30.06.2020) or should information on the first half of 2020 be provided?	Please provide the written premiums for the first half of 2020 in line with QRT S.05.01 for quarter Q2.

3.	22/07/2020	Reporting template, "Volatility adjustment" tab	Do undertakings need to incorporate the market value and spread sensitivity of the unit-linked assets in the calculation of application ratio 4 if these assets back unit-linked liabilities that are valued as a whole?	No, the market value and spread sensitivity of assets that back unit- and index-linked liabilities that are valued as a whole do not need to be incorporated in the calculation of application ratio 4. See page 7, par. 34 of the technical specifications: <i>"Note that the fixed income investments of the unit- and index-linked should be included in the calculation of the application ratio 4. This also holds for supranational bonds. But business valued as a whole is excluded, from the calculation."</i>
4.	22/07/2020	Technical specification, general approach	The technical specifications do not explicitly state how to handle participations in insurance undertakings in the calculation of the solvency position under the scenarios. But especially for insurance companies at the top of a group or a subgroup the impact could be material. Do you expect a full re-valuation of participations?	A full re-valuation of participation was considered to be too burdensome as it could force the implicit participation to the CIR for more companies that explicitly selected in the sample. The practice of participants in the HIA was not uniform and this will be respected in the evaluation. Participants are asked to follow the same approach as used for the HIA and provide relevant information on the approach to the NCA together with their submission. This would also concern for example the tax treatment.
5.	29/07/2020	Technical specification, paragraph 19	The reference date for the calculation of the scenarios is 30 June 2020. However, some undertakings do not carry out a full recalculation of the SCR on quarterly basis (S.25 is not a regulatory quarterly reporting requirement for all	No, they can't. Taking into account the objectives of this complementary information request, a recalculation (or at least an estimation) of the SCR at reference date 30 June is expected.

			firms). Can those undertakings use December 2019 SCR data?	<p>Please note that according to EIOPA Statement on Solvency II supervisory reporting in the context of COVID-19 published on 27th July 2020 “insurance and reinsurance undertakings are expected to report in the Solvency II solo quarterly Own Funds template (S.23.01) with a reference date between 30 June and 31 December 2020, a calculation (if it is available as of reference date) or at least an estimation of the Solvency Capital Requirement at the end of each quarter reference date instead of the last calculated one as indicated in the Instructions of the Implementing Technical Standards”. (See https://www.eiopa.europa.eu/content/eiopa-statement-solvency-ii-supervisory-reporting-context-covid-19-0_en).</p> <p>It is assumed that for this purpose figures or at least estimates are available also on the level of S.25, respecting materiality considerations of course.</p>
6.	31.07.2020	Technical Specification, section “7.4. Lapse risk information”	How should reinsurance business be treated in the request on lapse risk (section 7.4 of the technical specification).	This part of the data request applies only to the direct business of the participants.
7.	13.08.2020	Reporting template, “Lapse	What figures should be reported regarding the volume measure in the tab “Lapse risk information”?	The objective of the lapse risk information request is to capture the experienced lapses during the

		risk information" tab	<p>a) numbers that represent the experienced lapses during the period?</p> <p>b) numbers that represent the persisted risk (lapse) at the end of a period?</p>	considered periods. Thus it is a). Please enter the surrender strain for the policies subject to lapse in the given period. Or, as fallback approach the sum insured for the lapsed policies.
8.	20.08.2020	Reporting template, "SF only – Equity risk" tab	Validation check in cells H40, I40 and JK40 in tab " SF only – Equity risk" refer respectively to cells G20, G26 and G14 in tab "Technical Provisions". Shouldn't they refer to cells I20, I26 and I14?	Yes, the validations in cells H40, I40 and JK40 should have referred to column I of the "Technical provisions" tab (i.e. scenario 1) and not to the base case figures in column G of that tab. Please disregard these validations.
9.	20.08.2020	Reporting template, "Solvency position" tab	The validation rules in row 35 deduct reinsurance recoverables but the technical specification and the template request that technical provisions are reported gross of reinsurance in row 12. Are the validation rules correct?	No, the validation in row 35 should have not deducted reinsurance recoverables. Technical provisions should be reported gross of reinsurance, as specified in the technical specification and the template. Please disregard these validations.
10.	20.08.2020	Technical specification, section 5.1.2	How should undertakings calculate the VA (in particular, application ratio 4) in case they have assets in a different currency than the currencies of their liabilities?	For the purpose of the VA calculation, undertakings should only consider the relevant currencies of their liabilities (and the assets in those currencies).
11.	27.08.2020	Reporting template, "Lapse risk information" tab	Should traditional life contracts with no surrender value, e.g. credit life contracts, be reported as having a 100% surrender penalty?	No, undertakings are requested to report observed lapse rates. Consequently, those contracts, which are not lapsable, should not be reported at all in the template.
12.	27.08.2020	Reporting template, "Volatility Adjustment" tab, TechSpec par. 35 and par. 43	We appreciate that the CIR technical specifications in paragraphs 35 and 43 open the path to take over the values for the application ratios AR 4 and AR 5 from the HIA and save the effort for the recalculation of the PVBPs and the decomposition of the BE. But the technical specifications stay silent regarding the questions which values to provide in lines 21, 22, 26, 27 and 28. Taking over the values from HIA would lead to	In case you use AR 4 from your HIA submission, please leave the cells in lines 21 (PVBP of MV(FI)) and 22 (PVBP of BE) empty. In case you use AR 5 from your HIA submission, please leave the cells in lines 26-28 (buckets for best estimate of liabilities) empty.

			inconsistencies with the absolute amounts for MV(FI) and BE per Q2 2020.	But it is important that you fill all other cells, especially lines 11 (MV(FI)) and 12 (Best Estimate – BE). Please also use the commenting cells in column K, especially in lines 52, 53 and 57, 58.
13.	27.08.2020	Reporting template, “SF only-Pandemic risk”	The requested data about the number and claims paid caused by Covid-19 are for those people suffering from covid-19? Claims for Corona virus tests to all patients with a scheduled surgery, procedure or hospital admission should be included in this information?	The column ‘Hospitalisation’ should indeed only be for people <i>directly</i> suffering from Covid-19 symptoms. Claims for Covid-19 tests to all patients with a scheduled surgery, procedure or hospital admission should be included in the next column entitled ‘Consultation with a medical practitioner (including tests on Corona virus infections of ambulant patients)’.
14.	27.08.2020	Reporting template, “Lapse risk information” tab	Lapse rates for business with disincentive to lapse should be presented by the type of disincentive. However, how should we treat the case of a product having two disincentives at the same time? For example, how to present lapse rates for a product which has tax disincentive (for the first 6 years) and surrender penalty disincentive (for the first 3 years)? Is there any additional guidance (except from the Technical Specification document) for the completion of lapse rate information?	No, par. 118 of the technical specification should be followed. i.e. “In case of liabilities subject to different types of disincentive, participants should report under the type which is the most relevant”.

15.	09.09.2020	Technical specifications, para 50	Para 50 requires the impact of the risks on the best estimate to be lower than 5%. Can you confirm that this relates to the absolute change or is only an increase in best estimate relevant?	Indeed, the requirement in para 50 stipulates that the absolute change should be lower than 5%.
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