



EIOPA-19/513
15 October 2019

Technical specification of the information request on the 2020 review of Solvency II

Insurance groups

1. Introduction

1. The European Commission issued in February 2019 a request to EIOPA for technical advice on the review of Solvency II¹. EIOPA will provide this advice until June 2020. The advice will be accompanied by an impact assessment quantifying in particular its impact on the solvency position of insurance undertakings. In order to collect data for the impact assessment EIOPA is carrying out information requests to the insurance industry.
2. EIOPA published on 15 October 2019 a consultation paper on the Opinion that will set out its advice on the review of the Solvency II. Specific options and proposals from the consultation paper are subject to this information request. The information collected will inform EIOPA's final decision on the advice in 2020.
3. This information request aims to gather specific quantitative and qualitative information with regard to changes to group supervision.
4. This document should be read in conjunction with Chapter 9 of the Consultation Paper on the 2020 review of Solvency II.
5. The information request is addressed to a representative sample of (re)insurance groups.

2. Timing

6. Following the launch of the information request, insurance groups will be requested to submit results to their group supervisor. After validating the submissions, group supervisors will report this information to EIOPA.
7. EIOPA plans to disclose results from the information request as part of its Opinion on the 2020 review of Solvency II in June 2020. Results will only be disclosed in anonymised or aggregated way in order to ensure the confidentiality of company data. The timeline for these steps is as follows:

16 October 2019	Launch of the information request (in parallel with the Consultation Paper on the review of Solvency II)
6 December 2019	Deadline for participants to submit results to their group supervisor
9 December 2019 to 8 January 2020	Validation of results by group supervisors
8 January 2020	Deadline for reporting of information from group supervisors to EIOPA

8. Participants should stand ready to reply to possible requests of their group supervisor for clarifications or resubmissions after the submission and until March 2020.

¹ https://ec.europa.eu/info/files/190211-request-eiopa-technical-advice-review-solvency-2_en

3. Overall specifications

General Specification of the sample

9. The information request is addressed to a representative sample of European insurance and reinsurance groups subject to the Solvency II framework, and the sample should be representative of the different types of groups.
10. Participants will be selected by the national competent authorities to represent at least:
 - the “top” three groups across different type of groups (life, non-life; insurance, reinsurance) size (small, medium and large), and complexity of issues (group structure; national and cross-border groups); and
 - the groups which will be relevant in addressing the variety of issues outlined in the data request.
11. The indicative sample is a minimum, and the NCAs are encouraged to involve more participants to ensure an overall representative sample across Europe. In particular, NCAs that have a significant number of groups under their supervision are encouraged to consider extending the sample. If there are groups under their supervision that are not directly selected by their NCA, and wish to volunteer to the data request, such groups should indicate to their NCAs their interest of being involved in the data request process.
12. Considering the specificities of each policy issue consulted on this data request, in some cases, NSAs will have to adapt the sample to each policy issue and include one or more additional groups to the three ones sampled, to ensure that all the issues are consulted in this data request. In other cases, if the NCA has less than three (re)insurance groups, then the NSA will have no other choice than to use the full population to address the data request.
13. With respect to the information regarding “Cost and Benefits” for the holistic impact assessment, all participants selected to answer the technical data request should answer this section. This offers an opportunity for groups to provide their views on all the proposed changes affecting groups.

Currency

14. The data request should be presented both using their national reporting currency as well as euro. When converting into euro please use the official conversion rate at 31st December 2018².
15. All monetary figures should be given in units (i.e. not in millions or thousands, etc.).

Data Request Period

16. Please use the Solvency II reporting figures at 31st December 2018.

² Please use the Euro foreign exchange reference rates as published by the European Central Bank. https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html

4. Technical specifications

4.1. Insurance Holding Companies and Mixed Financial Holding companies (IHCs, MFHC): treatment and related group solvency and own fund issues

Additional Specification of the sample

17. NCAs to define the sample of groups that should address the information request based on how the reporting requirements have been implemented at national level (e.g. is it limited to the parent or extended also to the intermediary, limited to method 1 or extended to method 2 , etc.)

Specification of the requested information

18. Reference to the CfA Chapter 9 Group Supervision:
 - Section 9.3.6 Treatment of IHCs and MFHCs, Policy Issue 1 and Policy option 1.3 by which a Notional SCR would be required on the parent and intermediate IHC and MFHCs, including those in third countries
 - Section 9.3.8 Scope of method 2 (where used exclusively/or in combination with method 1), Policy issue 1 and Policy option 1.2 by which clarity on the treatment of IHC and MFHC is required when included in the scope of method 2;
 - Section 9.3.13 Availability of Own Funds, Policy Issue 2: The formula for calculating of the contribution to group SCR to include the contribution from the IHC and MFHC;
 - Section 9.3.15 on the Minimum Consolidated SCR , Policy Issue 1, Policy Option 1.2: enhancement of the scope by which IHC and MFHC calculate a notional minimum consolidated SCR that would be equal to 35% of the notional SCR (middle of the corridor 25%-45%).
19. Since the notional SCR requirement for IHC and MFHC was implemented in different ways at a national level and the reporting requirements may be applied differently across groups, there is a need for Groups to assess if the policy proposal will impact their group solvency position including own funds.
20. Affected Groups to (1) calculate the notional SCR to cover both the parent and intermediate IHC and MFHC, including those in third countries, regardless of the method of calculation.
21. In addition, the groups selected should also assess the potential impact on the contribution of the holding on the availability assessment. For this the group will need to (2) recalculate the contributions to the SCR.
22. Furthermore, the group should assess the potential impact on (3) the availability assessment of own funds at group level, and the solvency ratio. And, consider any (4) impact with the potential policy advise on the minimum consolidated SCR

Data Request Templates to be used:

23. Once decided the sample on the basis of the national implementation at national level, the NSAs may require:

1. the calculation of the notional SCR for the IHC and MFHC in the scope of the data request: the notional solvency capital requirement for IHC and MFHC should be calculated in accordance with Articles 100 to 127 of Directive 2009/138/EC but limited to the relevant risk, depending on the risk profile of the insurance holding company or mixed financial holding company;
2. the impact on the availability assessment: the impact is expected to be twofold:
 - a) on the availability assessment of the non available OF items at intermediate IHC and MFHC level: this impact is going to be limited (or better positive) since if the notional SCR is not currently requested and put equal to zero, the non available OF items from such holding companies can be taken into account up to the contribution and not disregarded completely;
 - b) on the whole availability assessment with regard to the inclusion of the relevant notional SCR into the denominator of the formula for calculating the contribution to group SCR.

To assess the overall impact on the availability assessment groups are requested to calculate the increase or decrease of non available OFs that would be deducted after the inclusion of the notional SCR;

3. the impact on the solvency ratio that would take into account the contribution from both the SCR side (e.g. the proportional share of the notional SCR at intermediate level) and the OF side (e.g. notional OFs and availability assessment of OFs);
4. the calculation of the notional MCR, on the basis of the proxy provided in the advice that would be equal to 35% of the notional SCR (middle of the corridor 25%-45%).

24. Two tables are provided to be reported from each group in the relevant sample:

Impact at group level

Impact on the total non available OFs: increase (+) or decrease (-)	<i>Amount</i>
Percentage of total non available OFs (after recalculation) over the total OFs (last reported value)	<i>Percentage</i>
Impact on the solvency ratio: increase (+) or decrease (-)	<i>Percentage</i>

IHC and MFHC - notional SCR and MCR

Name of the IHC or MFHC	<i>Qualitative_Free Text</i>
Proportional share	<i>Percentage</i>
Notional SCR	<i>Amount</i>
Amount of Non available OFs deducted at intermediate holding level[1]	<i>Amount</i>
Notional MCR	<i>Amount</i>

4.2. Combinations of methods

Additional Specification of the sample

25. Groups concerned are those using a combination of method 1 and method 2 to calculate the group SCR. Participants will be selected by the national competent authorities (NCAs) to represent for each local market at least 50% of the SCR of all groups using combination of methods. NCAs might want to consider also whether groups use the standard formula or an approved internal model to calculate the SCR.

Specification of the requested information

26. This part of the information request relates to Chapter 9 Group Supervision, Section 9.3.10 of the consultation paper, which is dealing with the appropriateness of the coverage equity risk, currency risk and concentration risk under the combination of methods for the calculation of the group SCR.
27. While the question is in the same way relevant for standard formula users and for internal model users, the specific calculations will of course be different. Thus, wherever reference is made to the SCR, it is SCR according to standard formula or internal model as used for Solvency II reporting.
28. The information request collects information on the current approach used and an indication of the materiality of the issue.
29. In the following we will use the following terminology: 'consolidated part' for the part of the group which is captured by method 1 and 'D&A-entity' for each (re)insurance undertaking included by method 2 ('Deduction & Aggregation'). The consolidated part could be considered as participating undertaking in the D&A-entities.
30. In your answers please take into account the participation rate of the consolidated part in the D&A-entities.
31. Participants are asked to answer the following questions and requests:
- Which method do you use to calculate the SCR for the consolidated part? [Standard Formula / Full Internal Model / Partial Internal Model]
 - Please provide the group's SCR as officially reported for year-end 2018
 - Equity risk:
 - o For the SCR of the consolidated part: Do you apply an equity / participation risk charge to D&A entities? [yes/no]
 - o If you apply such a risk charge, please provide the following:
 - Total amount subject to this charge in reporting currency at year-end 2018, i.e. the participation value of the D&A-entities for the consolidated part.
 - Group SCR at year-end 2018 but without that charge for D&A-entities.
 - Currency risk:
 - o Is any of the D&A-entities located in a country with a currency different from the reporting currency of the group? [yes/no]

- If yes, please:
 - Provide the total amount of participation value of these D&A-entities for the consolidated part by currency.
 - Describe any hedging instruments you use.
 - Do you take into account the currency risk connected to these D&A-entities? [yes/no]
 - If yes, please
 - Concisely describe the method used.
 - Provide the group SCR at year-end 2018 without this charge.
 - If no, please
 - (a) Standard formula users
 - Provide the group SCR in which in the currency module, the exposure of assets subject to currency risk would be increased according to currencies by the amounts of relevant participation values for the D&A-entities.
 - (b) Internal model users
 - Provide an estimate of the group SCR if considering currency risk explicitly for the relevant D&A-entities according to an internal model method.
 - Alternatively, you could use standard formula approaches.
 - Please describe concisely the approach used.
 - Contact your group supervisor in case of any questions.

- Concentration risk:

As described in section 9.3.10 of the consultation paper the exclusion of D&A-entities could potentially underestimate concentration risk.

Please provide a qualitative assessment of the relevance of such a risk for the group.

In case you would consider this risk existent, please provide in relation to the group SCR a rough estimate, for example below 0.5%, below 1%, below 5%, above 5%, above 10%...

32. The data request above will be used to come to an indication on relevance and it is not indicative of the actual quantitative requirement that could be set in the future.

4.3. Classification of own funds – Include the aim of recital 127 and its effective application to groups

Additional specifications of the sample

33. NCAs to decide on the sample of groups to capture where there are own-fund items, such as subordinated debts, issued by:
- an IHC or MFHC in the group or;

- the ultimate parent (re)insurance undertaking of the group.

Specification of the requested information

34. Reference to the CfA Chapter 9 Group Supervision:
 - Section 9.3.12 of the Chapter; Policy Issue 2, Policy options 2.2. and 2.3
35. There might be divergent practices (and uncertainty) whether and to which extent recital 127 of the SII Delegated Regulations is to be taken into account as well as its enforceability. The data request is based on the need to get an overall view on the own-fund items issued by an IHC, MFHC as well as an ultimate parent (re)insurance undertaking. There is also a need to assess if and how the policy options 2 and 3 would have an impact on the group solvency position.
36. The selected sample of groups to provide details on amount and tiering regarding own-fund items, such as subordinated debts, when these are issued externally by an IHC, MFHC or by an ultimate parent (re)insurance undertaking, using the table below.
37. The same sample should also provide qualitative information on the following aspects:
 - if the recital is already taken into account and to which extent, and if the compliance with the recital has had an impact on the financing costs. An estimation of this impact would be appreciated, including also the hypothesis the option 3 is followed, with a distinction whether the lender is part of the bigger group (e.g. a bank higher up in the group structure) or not; OR
 - if the recital is not currently taken into account, or is taken into account up to a different extent, an estimation of the impact on financing costs in the hypothesis the policy options 2 or 3 of this section are followed, with the same distinction as above on whether the lender is part of the bigger group or not.
38. The request for information of data is relevant to get an overall view on the existence of own-funds items issued by an IHC, MFHC or by an ultimate parent (re)insurance undertaking and an estimation of any impact of the application of the recital 127 on the financing costs.

Data Request Templates to be used:

Analysis by Issuer:

- IHC
- MFHC or
- ultimate parent (re)insurance undertaking

Own funds information - List on own fund items (based on QRT S.23.04.04 with some additional data request)

		Own fund items 1, 2,3,4, including subordinated debts
Type of item (please specify)	<i>Qualitative - Free Text</i>	
Issuing entity	<i>Qualitative - Free Text</i>	
Lender	<i>Qualitative - Free Text</i>	
Counted under current transitionals (Yes/No)	<i>Select choice</i>	
Amount	<i>Amount</i>	
Tier	<i>Select choice</i>	
Recital 127 considered (Yes/No)	<i>Select choice</i>	
Issue date	<i>Date (dd/mm/yyyy)</i>	
Credit rate at Issue date	<i>Date (dd/mm/yyyy)</i>	
Coupon/Interest rate	<i>Percentage</i>	

Information on the application of recital 127 of SII DR.

Please provide information whether the recital 127 of the SII DR is already taken into account and to which extent, and if the compliance with the recital has had an impact on the financing costs. An estimation of this impact would be appreciated, with a distinction whether the lender is part of the bigger group (e.g. a bank higher up in the group structure) or not. Include also the hypothesis if the policy option 3 would be followed.

Please provide information whether the recital is not currently taken into account or is taken into account up to a different extent, and whether the recital would have an impact on financing costs in the hypothesis the policy options 2 or 3 are followed, with the same distinction as above on whether the lender is part of the bigger group or not.

4.4. Availability assessment of specific items within the reconciliation reserve.

Additional specifications of the sample

39. The selected sample of groups should offer the possibility to assess the impact of considering the reconciliation reserve items namely the (i) the benefit from transitional measure on technical provisions or risk-free rate, and (ii) EIPFs not available at group level, based on the significance of these items.
40. The same sample should offer the possibility to assess the joint impact of considering these reconciliation items not available at group level.

Specification of the requested information

41. Reference to the CfA Chapter 9 Group Supervision:
 - Section 9.3.13 of the Chapter; Policy Issues 3 and 4 which refer to the need to clarify the availability of certain items within the reconciliation reserve under the

availability assessment at group level (Article 330(3) of the Delegated Regulation)

42. The technical specification is general to both reconciliation reserve items.
43. Groups will be asked to perform a recalculation separately for each of the reconciliation reserve items as well as if taking both items into consideration
- a) EPIFPs
- On the assumption that EPIFPs will not be available at group level, please recalculate the non-available own funds under such hypothesis.
 - If you have any reason to consider EPIFPs as available please provide details as already requested in the advice under consultation.
- b) Benefits from Transitionals on technical provisions or risk-free rate
- On the assumption that the benefit from transitional measure on technical provisions or risk-free rate will not be available at group level, please recalculate the non-available own funds under such hypothesis.
 - If you have any reason to consider the benefit from transitional measure on technical provisions or risk-free rate as available please provide details.
- c) Combined option: EPIFPs and Transitionals
- On the assumption that EPIFPs and the benefit from transitional measure on technical provisions or risk-free rate will not be available at group level, please recalculate the non-available own funds under such hypothesis.
44. Groups should also elaborate on their impact by presenting the:
- For each main subsidiary:
 - Amount of non available OF items for purpose of group solvency calculation
 - Contribution of the entity to the group SCR
 - Amount of non available OF items which are deducted (i.e. amount of OF items not admitted at group level)
 - At group level :
 - Amount of non-available OF items (sum of non available items for all undertakings)
 - Amount of non available items which are deducted (sum of non admitted items for all undertakings)
 - Solvency ratio
45. The main subsidiaries should be identified on the basis of the relevance of contribution to group OFs and the significance of benefit of transitionals and EPIFP.

Data Request Templates to be used:

Availability assessment of specific items within the reconciliation reserve

Scenario A - benefit of transitional measures considered not available

Scenario B - EPIFP considered not available
Scenario C - Both benefit of transitional measures and EPIFP considered not available (Scenario A + B)

Impact at group level

<i>Scenario A</i>			Group - Scenario A	
Amount of non available OF items		Amount		
Amount of non available OF items which are deducted		Amount		
Solvency ratio		Percentage		
<i>Scenario B</i>			Group - Scenario B	
Amount of non available OF items		Amount		
Amount of non available OF items which are deducted		Amount		
Solvency ratio		Percentage		
<i>Scenario C</i>			Group - Scenario C	
Amount of non available OF items		Amount		
Amount of non available OF items which are deducted		Amount		
Solvency ratio		Percentage		

Impact for the main subsidiaries

<i>Subsidiaries</i>			Subsidiary 1; 2....	
Name of subsidiary		Qualitative - Free Text		
<i>Scenario A</i>			Subsidiary 1, 2,...	
Amount of non available OF items for purpose of group solvency		Amount		
Contribution of the entity in the group SCR		Amount		
Amount of non available OF items which are deducted		Amount		
<i>Scenario B</i>			Subsidiary 1, 2...	
Amount of non available OF items for purpose of group solvency		Amount		
Contribution of the entity in the group SCR		Amount		
Amount of non available OF items which are deducted		Amount		
<i>Scenario C</i>			Subsidiary 1, 2...	
Amount of non available OF items for purpose of group solvency		Amount		
Contribution of the entity in the group SCR		Amount		
Amount of non available OF items which are deducted		Amount		

4.5. Minority interest

Additional specification of the sample

46. The NSA to address the request only to groups where the minority interests would be relevant.

Specification of the requested information

47. Reference to the CfA Chapter 9 Group Supervision:

- Section 9.3.14 Minority Interest, Policy issue 1, policy option 1.2 that seeks to close the regulatory gap regarding the definition and basis of calculation of minority interest in Solvency II.

Qualitative Data

48. In the Call for Advice in Section 9.3.14, EIOPA invites all stakeholders to share their experience on the issues discussed in the Minority Interest section regarding the clarification of the definition of the item Minority interest in Solvency II and the approach to be followed for its calculation.
49. In particular, EIOPA is interested in inputs from stakeholders to assess if the calculation of the minority interest should include external subordinated debts.
50. It would be appreciated if groups chosen by NCAs to address this data request, will specifically addresses:
 - the above qualitative questions in order to understand the current practices

Quantitative Data

51. In addition, groups are asked to provide quantitative data that illustrates the impact of any recalculation according to the advice under consultation.

Data Request Templates to be used:

52. Additionally to the qualitative information requested above, the following quantitative data are requested:
 - The amount of MI recalculated based on Solvency II basis and net of IGTs including and excluding subordinated debts, in comparison to the current amount if different;
 - The deduction of non available MI, including and excluding external subordinated debt, in comparison to the current deduction if different.
53. A table is provided for the representation on the quantitative impact:

Impact at group level			
		Amount Recalculated according to SII net of IGTs (including external sub debts)	Amount Recalculated according to SII net of IGTs and excluding all subordinated debts
Minority Interest	Amount		
Non-available Minority Interest	Amount		

Qualitative Information on the calculation of Minority Interest

Please provide information about the approach currently used and the approach to be followed for the calculation of minority interest. In particular, EIOPA is interested in inputs if the calculation should include external subordinated debts, as requested in the advice under consultation.

4.6. Other financial sector entities

Additional Specification of the sample

54. NCAs to select a sample of groups which have related undertakings in the other financial sector and for which the issues highlighted in Section 9.3.16 (Solvency II and the interactions with FICOD) are relevant.

Specification of the requested information

55. Reference- Chapter 9 Section 9.3.16
56. The data request will cover in conjunction the following policy issues identified regarding the interaction of Solvency II and Other Financial Sectors:
- Issue 2: Allocation of OFS own funds into relevant Solvency II tiers
 - Issue 3: Availability assessment of OFS own funds
 - Issue 5: Inclusion of capital requirements from credit institutions, investment firms and financial institutions (Q&A 1344)
57. There might be divergent practices between groups on the treatment of related undertakings in OFS and the inclusion of own funds and capital requirement in the SII group solvency calculation. Therefore there is a need to assess if and how the policy proposals will impact the group solvency position.
58. The own funds from other financial sectors, calculated according to sectoral rules, are included in the SII group solvency calculations. These own funds are reported as a total in the quantitative template S.34.01.04 and then it is possible to allocate the total into the relevant tiers in S.23.01.04. However, there is no detailed information on the quality of specific own-fund items.
59. Data from the selected sample of groups is requested in order to assess whether sectoral own funds in excess of sectoral capital requirements is available to absorb losses stemming from (re)insurance undertakings in the group. The own-funds items (which are included in the sectoral own funds) should therefore be specified by item, amount and tier, as follows:
- Subordinated debt instruments
 - Deferred tax assets
 - Any non-distributional reserve
 - Sum of Other own fund items
60. The capital requirement from other financial sectors calculated according to sectoral rules are included in the SII group solvency calculations. For related credit institutions, investment firms and financial institutions, the Q&A 1344 clarified the capital requirement to use. It would be appreciated if the sample of groups will provide information on the following:
- a. If you do apply Q&A 1344- could you indicate any difficulties in applying it?
 - b. If you do not apply Q&A 1344, please specify the capital requirement if Q&A 1344 would have been applied (see Data request Template)

Data Request Templates to be used:

61. In addition to the qualitative information requested above (question), quantitative data are requested and to be reported in two templates, one for Own funds and one for Capital requirements.
62. The data for Own funds should be specified for each related undertaking within the group, with details on type of undertaking and divided by type of own funds item, tier according to sectoral rules as well as the tier according to SII as reported in S.23.01.04.
63. The data for Capital requirements should be specified for each related undertaking within the group, with information on the Capital requirement as reported in S.34.1.04, indicating whether Q&A 1344 is applied or not (Yes/No). If the Q&A 1344 is not applied, please report the capital requirement if Q&A 1344 is considered.

Type of undertaking:

as reported in S.32.01.04

- Credit institution, investment firm and financial institution
- Institution for occupational retirement provision
- Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35
- UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35
- Alternative investment funds managers as defined in Article 1 (55) of Delegated Regulation (EU) 2015/35

Own-fund item:

- Subordinated debt instruments
- Deferred tax assets
- Any non-distributional reserve
- Sum of Other own fund items

Own funds for related undertakings in OFS:

Other Financial Sectors

Qualitative information on Q&A 1344

Please provide information on Q&A 1344- could you indicate any difficulties in applying it?

Qualitative_Free Text

Assessment of excess of own funds from OFS entities - Impact at group level

Amount of total non-available own funds from OFS entities in excess of sectoral capital requirements (taking into account Q&A 1344)	<i>Amount in reporting currency</i>
Percentage of total non-available own funds over the total own funds from OFS entities (last reported value)	<i>Percentage</i>
Impact on the solvency ratio	<i>Percentage</i>

Own fund for related undertakings in OFS - Specified by own fund item

OFS undertakings	
General info	
Name of undertaking	<i>Qualitative_Free Text</i>
Type of undertaking	<i>Qualitative_Free Text</i>
Own Funds	
Own-fund item type: Subordinated debt instruments	
Amount	<i>Amount in reporting currency</i>
Tier according to sectoral rules	<i>Qualitative_Free Text</i>
Tier, as reported in S.23.01.04	<i>Select choice</i>
Own-fund item type: Deferred tax assets	
Amount	<i>Amount in reporting currency</i>
Tier according to sectoral rules	<i>Qualitative_Free Text</i>
Tier, as reported in S.23.01.04	<i>Select choice</i>
Own-fund item type: Any non-distributional reserve	
Amount	<i>Amount in reporting currency</i>
Tier according to sectoral rules	<i>Qualitative_Free Text</i>
Tier, as reported in S.23.01.04	<i>Select choice</i>
Own-fund item type: Sum of other own fund items	
Amount	<i>Amount in reporting currency</i>
Tier according to sectoral rules	<i>Qualitative_Free Text</i>
Tier, as reported in S.23.01.04	<i>Select choice</i>
Capital requirements	
Capital requirements as reported in S.34.01 (amount)	<i>Amount in reporting currency</i>
Q&A 1344 applied (Yes/No)	<i>Qualitative_Free Text</i>
Capital requirements if considering Q&A 1344 (amount)	<i>Amount in reporting currency</i>

4.7. Costs and benefits

64. With respect to the quantitative data requested the following should be noted:

- when actual figures on current costs are not easily available, approximations would be allowed;
- estimated figures on expected future costs should be provided on a best effort basis.
- The costs and benefits analysis data will be collated via a EU Online Survey³ to facilitate the analysis. The link for completion is provided in the Excel File that complements the data request.

Q1- One-off costs on the overall proposals

65. Q1- Please complete the following table indicating whether the implementation of the proposed changes related to groups are deemed to generate one-off costs (i.e. costs incurred for the adaptation of the internal processes and procedures) and whether the changes are deemed to increase, decrease or not significantly change the current on-going costs for the operation of the group.

Table Q1

Legislative changes	Significant one-off costs (Y/N)	On-going costs (increase/decrease/no significant change)
To revise the definition of group under Solvency II framework to capture undertakings, which, together, form a de facto group, upon supervisory powers, as well as to clarify other elements of Article 212 of the SII Directive [Reference: Chapter 9 Section 9.3.1]		
To provide the NSAs with powers to require to restructure for the purpose of exercising group supervision. [Reference: Chapter 9 Section 9.3.1]		
Clarify the definitions of subsidiary, parent undertaking, control, participation and the definition of groups, to secure the scope of existing groups. [Reference: Chapter 9 Section 9.3.2]		
Clarify on the term "exclusively" or "mainly" used in the definition of IHC contained in Art. 212(2)(f) of the Solvency II Directive. [Reference: Chapter 9 Section 9.3.2]		
Amend Article 214(1) of the SII Directive to allow the group supervisor to have certain powers to ensure an effective group supervision; and enforceability over such undertakings. [Reference: Chapter 9 Section 9.3.2]		
To introduce an overall principle in the SII Directive on the exclusion from group to ensure that exceptional cases as well as cases of potential capital relief are adequately justified, documented and monitored and all relevant parties in the decision are also involved in the process. (Article 242(2) of the SII Directive). [Reference: Chapter 9 Section 9.3.3]		
To provide criteria to be considered for the purpose of assessing "negligible interest" (Article 242(2) of the SII Directive) [Reference: Chapter 9 Section 9.3.3]		
Overall: Scope of application of group supervision		
Proposals on IGTs and RCs [Reference: Chapter 9 Section 9.3.4]		
Proposals on issues with third countries [Reference: Chapter 9 Section 9.3.5]		

³ <https://ec.europa.eu/eusurvey/runner/InfoRequestGroupsCostsandBenefitsSolvencyIIReview>

Legislative changes	Significant one-off costs (Y/N)	On-going costs (increase/decrease/no significant change)
Include clearly the provision of a notional SCR for both the parent and intermediate IHC and MFHC, including those in third country. <i>[Reference: Chapter 9 Section 9.3.6]</i>		
Introduce a clear methodology to the calculation of own funds and the group SCR calculation for undertakings for which the SII calculation is not possible and for immaterial undertakings. The use of the simplifications should be subject to approval by the group supervisor. Such simplified methodology could favour the equity method with a cap on own funds. (Article 229 of the SII Directive) <i>[Reference: Chapter 9 Section 9.3.7]</i>		
Provide clarity on the scope of undertakings to be included under method 2 and their treatment. (Article 233 of the SII Directive) <i>[Reference: Chapter 9 Section 9.3.8]</i>		
Introduce requirement to demonstrate appropriateness by clarifying that in general there is no mutatis mutandis approach to translate integration techniques for risks in Article 239 of the DR to groups, but a demonstration of the appropriateness is required similar to Article 229 (4) of the DR. Also an explicit link between the requirements of Articles 328 and 343 of the DR should be established. <i>[Reference: Chapter 9 Section 9.3.9]</i>		
Introduce principles of no double counting and no omission of material risks (approaches based on amendments of article 328 or 335 and 336 of the DR to be used alternatively or appropriately combined) <i>[Reference: Chapter 9 Section 9.3.10]</i>		
Indicate that method 2 (where used exclusively or in combination with method 1) applies to single undertakings. It is also advised to amend Articles 220, 227, 234 and 235 of the SII Directive to refer to the advised changes on this section. <i>[Reference: Chapter 9 Section 9.3.11]</i>		
Overall combined impact of the proposals regarding calculation of group solvency		
A deletion of the paragraph (1)(d) of article 330 of the DR would avoid that an own-fund item (under method 2) not compliant with articles 331-333 or the DR (including reference to art. 71/73/77) could still be considered available at group level. <i>[Reference: Chapter 9 Section 9.3.12]</i>		
Include a principle indicating the purpose of Recital 127 to clearly indicate that it is sufficient to provide for the suspension of repayment/redemption of the own-fund item when there is a winding-up situation of any EEA related (re)insurance undertaking of the group. <i>[Reference: Chapter 9 Section 9.3.12]</i>		
Clarify the inclusion of all undertakings taken into account in the SCR diversified <i>[Reference: Chapter 9 Section 9.3.13]</i>		
Clarify that the benefit of transitional measures on technical provisions and interest rate is assumed to be unavailable by default within the meaning of Article 330(3) of the DR. <i>[Reference: Chapter 9 Section 9.3.13]</i>		
Clarify that EPIFPs is assumed to be unavailable by default within the meaning of Article 330(3) of the DR. <i>[Reference: Chapter 9 Section 9.3.13]</i>		
Further clarify the definition of the item minority interest in Solvency II and the approach to be followed for its calculation. <i>[Reference: Chapter 9 Section 9.3.14]</i>		
Overall combined impact of the proposals regarding own fund requirements		
Upgrading the current Guideline 21b) of EIOPA Guidelines on Groups Solvency to an explicit law provision and enhancement the scope by the IHC and MFHC – the notional MCRs would be equal to 35% of the		

Legislative changes	Significant one-off costs (Y/N)	On-going costs (increase/decrease/no significant change)
notional SCR (middle of the corridor 25% - 45%) [Reference: Chapter 9 Section 9.3.15]		
Clarify that Article 329 of the DR is applicable for the inclusion of OFS entities in the group solvency calculation, regardless of methods used [Reference: Chapter 9 Section 9.3.16]		
Allocation of clearly identified own fund items from OFS into relevant Solvency II tiers where practicable and material [Reference: Chapter 9 Section 9.3.16]		
Clarify that an availability assessment of OFS own funds is required to ensure that OFS own funds in excess of sectoral capital requirement is available at group level [Reference: Chapter 9 Section 9.3.16]		
Clarify that group own funds and group capital requirements calculated according to sectoral rules should be used in the group solvency calculation when OFS entities form a group. [Reference: Chapter 9 Section 9.3.16]		
Include the answer to Q&A 1344 in the regulations i.e. that the same capital requirements, including buffers and add-ons, should be used in the Solvency II calculation as in the supplementary capital adequacy calculation according to FICOD. [Reference: Chapter 9 Section 9.3.16]		
Delete Article 228 of Solvency II Directive [Reference: Chapter 9 Section 9.3.17]		
Overall combined impact of the proposals regarding Solvency II and the interactions with Directive 2002/87/EC (FICOD), and any other issues identified with Other Financial Sectors		
Overall combined impact of ALL proposals on group supervision		

Q2- Calculation of Group Solvency:

66. Q2- Please complete the table below with a quantification of current and possible future costs following the implementation of the proposed changes related to the calculation of the group solvency:

- Current on-going annual costs refer to the actual resources devoted to the calculation of the group solvency as per year-end 2018.
- Estimated on-going annual costs refer to the estimated resources devoted to the calculation of the group solvency after the implementation of the relevant legislative changes listed in the table 1 of this question. Estimates should take into account the increased burden due to higher complexity of calculations as well as the reduced burden due to simplifications compared to the status quo.
- One-off costs refer to the costs incurred for the adaptation of the internal processes and procedures to the proposed legislative changes.

Table Q2

Elements	Current on-going annual costs	Estimated on-going annual costs	One-off costs
Calculation of the group solvency			
Staff (total FTE per year)			

IT costs – internal (in Eur)			
IT costs – external (in Eur)			
Fees to externals (e.g. consultants, data providers) (in Eur)			
Others (in Eur)			

Q3- Group Reporting and Disclosure Requirements

67. In order to respond the questions below please refer to (i) the current consultation paper on the Opinion that will set out its advice on the review of the Solvency II, and (ii) the proposed changes to the reporting and disclosure requirements which are in the following consultation papers (<https://eiopa.europa.eu/Pages/News/Consultation-on-supervisory-reporting-and-public-disclosure.aspx>)
68. Q3a - Does your group audit the group Solvency II Balance sheet? Y/N
69. Q3b – If yes, please provide the scope of the audit (only Solvency II Balance sheet or wider) and the amount on the annual audit fee (in Eur)
70. Q3c- Please complete the table below with a quantification of current and possible future costs following the implementation of the proposed changes related to group reporting and disclosure requirements.
- Current on-going regular costs refer to the actual resources devoted to:
 - Group Quantitative Reporting Templates (total annual costs as per year-end 2018);
 - Group Regular Supervisory Report (actual costs for the last report submitted to the NSA)
 - Group Solvency and Financial Condition Report (actual costs for the last report published)
 - Estimated on-going regular costs refer to the estimated resources devoted after the implementation of the proposed legislative changes regarding:
 - Group Quantitative Reporting Templates;
 - Group Regular Supervisory Report
 - Group Solvency and Financial Condition Report
 - Estimates should take into account situations considered as an increased burden (e.g. due to higher complexity of calculations, additional information requested) as well as the assumed reduced burden (e.g. due to limited scope, simplifications or removal of duplications compared to the status quo).
 - One-off costs refer to the estimated costs to be devoted for the adaptation of the internal processes and procedures to the proposed legislative changes regarding:
 - Group Quantitative Reporting Templates;
 - Group Regular Supervisory Report
 - Group Solvency and Financial Condition Report

Elements	Current on-going regular costs	Estimated on-going regular costs	One-off costs
Group QRT			
Staff (total FTE per year)			
IT costs – internal (in Eur)			
IT costs – external (in Eur)			
Fees to externals (e.g. consultants, data providers) (in Eur)			
Group RSR			
Staff (total FTE per year)			
IT costs – internal (in Eur)			
IT costs – external (in Eur)			
Fees to externals (e.g. consultants, data providers) (in Eur)			
Others (in Eur)			
Group SFCR			
Staff (total FTE per year)			
IT costs – internal (in Eur)			
IT costs – external (in Eur)			
Fees to externals (e.g. consultants, data providers) (in Eur)			
Others (in Eur)			

71. Q3d Please provide an estimation of the cost reduction related to the templates proposed to be deleted from the ITS on Reporting.
72. Q3e – Please provide an estimation of the cost reduction related to the thresholds introduced in the templates regarding the ITS on Reporting, in case your company would face a reduction in reporting due to those thresholds.
73. Q3f – Please complete the table below with an estimation of one-off implementation costs and a estimation of annual costs related to the new reporting requirements proposed to be included in the ITS on Reporting.

Elements	One-off costs	Estimated on-going annual costs
Cross-border business		
Full look-through information		
Product by product information for Life		

Product by product information for Non-Life		
Cyber risk		
Variation analysis		
Internal models SF		
Internal modes specific info		
Total		

Q4- Other

74. Q4-In case you consider that any other of the proposed legislative changes could result in significant additional costs, please complete the table below to provide an estimate of one-off and on-going annual costs

Elements	One-off costs	On-going annual costs	Comments/ Description
Other (please specify)			
Staff (total FTE per year)			
Others (in Eur)			
Other (please specify)			
Staff (total FTE per year)			
Others (in Eur)			
Other (please specify)			
Staff (total FTE per year)			
Others (in Eur)			
Other (please specify)			
Staff (total FTE per year)			
Others (in Eur)			