

**Comments Template on  
CP9 – GR - Reporting**

**Deadline  
20 January 2012  
12:00 CET**

Name of Company:	Deloitte Touche Tohmatsu	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ Do <b>not</b> change the numbering in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, <u>in Word Format</u>, to <a href="mailto:cp009@eiopa.europa.eu">cp009@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to this Consultation Paper.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	<p>1) Overall, even if this document provides for a broader number of guidelines (55) in comparison to the pre-consultation paper, those guidelines seem to be mostly related to the SFCR (27) rather than the narrative of the RSR (15). The remainder of the requirements are related to pre-defined events and the reporting process (13). While focusing on SFCR for public disclosure purposes is necessary and comprehensible, we suggest providing more guidance for RSR reporting especially when sensitive information is requested by the regulator.</p> <p>2) As more detailed disclosure requirements regarding the valuation of assets and liabilities have been provided, this may lead to a significant effort for insurers due to the fact that the valuation basis for solvency purposes are quite different from the</p>	

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	<p>ones used for financial statement purposes</p> <p>3) We welcome the decision to request more disclosures in relation to own funds (e.g. solvency ratio, explanations on key elements of the reconciliation reserve, disclosure relating to ring-fenced funds)</p> <p>4) Since with this document the information included within the SFCR seem to have increased, consider assessing the existence of overlaps between the new requirements foreseen for the SFCR and those related to the RSR</p> <p>5) We suggest keeping the guidelines strictly related to Groups/participating insurance and re insurance, etc. apart from the guidelines that belong to Solo undertakings, in order to enhance clarity and consistency of the document</p> <p>6) We welcome the request for information about intra-group transactions within the SFCR in order to enhance public understanding of the impact of those transactions on the undertakings' performance. We also suggest, in order to reduce and avoid redundancies and overlaps, using the same disclosure provided for the financial statements under IAS 24</p> <p>7) We suggest better explaining throughout the document whether a piece of information has to be disclosed qualitatively or quantitatively , enhancing insurers understanding and consciousness with regards to what EIOPA expects</p> <p>8) We suggest using the IFRS materiality principle when referring to such things as «significant changes», etc.</p> <p>9) Beware of possible duplications of information between the RSR and the ORSA</p>	
3.1.		
3.2.	<p>Since the proposed guidelines refer directly to both public and regulatory disclosure, our advice is to introduce the word "Public" to represent an important active stakeholder of this kind of reporting, which expects to receive sufficient information regarding the solvency position of (re)insurance undertakings as well</p> <p><b>Re-Wording</b> "The following Guidelines aim at specifying the requirements on public disclosure and supervisory reporting that (re)insurance undertakings are subject to by giving further details as to what supervisory authorities and the public expect from undertakings with regards to"</p>	
3.3.	<p>1) Our understanding is that minimum requirements have been defined only for certain sections, avoiding to set minimum requirements for others (complying with all</p>	

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	the details requested within the delegated acts). Could you please confirm that? 2) Since there has been some rewording in comparison to what was reported within the delegated act, it would be helpful to clearly state whether the new statements completely replace what has been included in level 2 measures or not. Please specify how to consider the "minimum requirements" within this context, when a guideline rewords something included within the delegated act	
3.4.	Consider the opportunity to make more clear when a certain guideline is intended to be applied by "groups or undertakings belonging to a group" or "participating insurance and reinsurance undertakings or insurance holdings companies", providing an additional and specific section in this document	
3.5.	<b>Re-Wording</b> "Some Guidelines apply only to undertakings and groups using an Internal Model or a Partial Internal Model" to calculate the SCR	
3.6.	<b>Re-Wording</b> consider the opportunity to rephrase specifying that these guidelines also aim at giving more specific examples of predefined events	
3.7.		
3.8.	1) Consider the opportunity to include the information related to "proportion of voting power held" within the RSR 2) Please specify what a "simplified structure chart" means? If it means simplified legal structure, we suggest using that instead	
3.9.		
3.10.	1) Consider the opportunity to determine materiality/proportionality thresholds 2) Suggest keeping this detailed information within the RSR, avoiding additional burden, and consider including a summary of the main transactions that really had an impact on the undertaking's performance.	
3.11.	<b>Re-Wording</b> - "Organizational Structure" instead of "organization structure"	
3.12.	<b>Re-Wording</b> "This includes explanation on how the functions have the necessary authority, resources, as well as the appropriate set of skills for carrying out their tasks and how they report to and advise the administrative, management or supervisory body	
3.13.	1) Consider the opportunity to include the need to foresee a specific internal policy that disciplines the internal model change process	

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	2) Please specify what "validation tools" means	
3.14.	<p>1) Please specify which kind of information is expected by the supervisor regarding the implementation of the fully funded principle. It may be considered the opportunity to request quantitative information about the respect of the fully funded principle. Based on the QRT it seems that no quantitative disclosure has been foreseen in order to certify the respect of the fully funded principle</p> <p>2) we also suggest, as the fully funded principle provides for the valuation of asset and liabilities applying SII valuation basis, including a sort of reconciliation with the financial statement information</p>	
3.15.	<p>1) The various asset classes included within the SII balance sheet seem to be aggregated mainly based on the nature rather than on the function of the asset. May be better to reduce the options available for the aggregation of assets both to ensure a certain level of comparability and to prevent from high implementation costs</p> <p>2) Please specify how the aggregation could be driven using asset's materiality for solvency purposes</p>	
3.16.	<p>1) Could you please specify what "material asset class" means? Does it mean that for non material asset classes no disclosure is expected?</p> <p>2) Please better specify what kind of quantitative information is needed with regards to valuation basis, assumptions ecc.</p> <p>3) Could you please better explain points D and E?</p>	
3.17.	This guideline has been worded differently than the text used in the L2 measures. It is not clear that the undertakings must explain the material differences between the valuation methods used within the SII balance sheet and those used in the financial statements. We suggest keeping the previous version	
3.18.	<b>Typo</b> - repetition of "exists"	
3.19.	Does EIOPA refer to market model approach referring to model inputs?	
3.20.		
3.21.	<p>1) In case the undertaking adopts a IFRS equity method, please specify if the additional information/reason should also include numerical figures</p> <p>2) Consider the opportunity to include this request within the RSR</p>	

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3.22.		
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3.24.	Please see comment as per 3.15	
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3.28.		
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3.30.	1) We welcome the introduction of the disclosure of the Solvency Ratio. We suggest including a reference to the possibility of utilizing what could have already been disclosed within the ORSA within the guideline 2)Please also see comment on 4.60;	
3.31.		
3.32.		
3.33.		
3.34.	Consider the interrelations between Pillar 3 reporting and ORSA in terms of where it is better to include this analysis, also in terms of granularity and nature (more qualitative for public disclosure?)	
3.35.	Consider the interrelations with the contents included within the ORSA reporting, while describing the Internal Model (granularity and nature of the information for public disclosure)	
3.36.	Consider the opportunity to include a high level description of the policy related to data quality, if any	
3.37.	Please see comment related to 4.74	
3.38.	Consider specifying the nature of the information to be expected	

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	(qualitative/quantitative) in order to ensure a proper understanding of that effectiveness	
3.39.		
3.40.		
3.41.		
3.42.	1) Consider the possible overlaps with the information requested within the SFCR, where information is requested relating to four main functions and their integration within the organizational structure of the undertaking. In the case the regulator expects more granular information, guideline should be rephrased accordingly 2) Consider including, within the text, qualitative information about the main responsibilities of the key function holders	
3.43.		
3.44.	Consider the interrelations with the information disclosed within the ORSA if that option will be chosen by undertakings	
3.45.	Consider the opportunity to assess whether or not this information could be included within the ORSA	
3.46.	Consider including this information, or at least qualitative statements, within the SFCR since a similar disclosure (derivatives effectiveness for hedging activity) is normally included within the financial statements	
3.47.	Consider possible overlaps with, or at least, information that will be reported on the ORSA	
3.48.		
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3.50.		
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3.52.		
3.54.	<b>Typo</b> - "their risk profiles" instead of "its risk profile"	
3.55.	Consider re-phrasing the title of the guideline to "undertaking's public disclosure policy" in order to ensure clarity	
3.56.		

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3.57.		
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3.63.	Consider re-phrasing the title of the guideline to "undertaking's supervisory reporting policy" in order to ensure clarity	
3.64.		
3.65.	<b>Re-Wording</b> "In accordance with Article 16(3) of the EIOPA Regulation, Competent Authorities and financial institutions must make every effort to comply with these Guidelines".	
4.1.		
4.2.		
4.3.	Please see comment as per 3.8	
4.4.	<b>Re-Wording</b> "and other events which may have a material impact on the undertaking or in terms of changes in its risk profile or the way it is managed"	
4.5.	Consider providing more guidance on the type and granularity of information requested	
4.6.	We agree. Please see comment as per 3.10	
4.7.		
4.8.		
4.9.	1) Consider including the "SII Value" category as well (combination of more transaction with the same entity), in addition to timing, function and planning 2) Clarify wording: "another transaction" or "other transactions" as opposed to "another transactions"	
4.10.	Please specify what is meant by "understanding of the status" and "understanding of the resources"	
4.11.		

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4.12.	Please see comment 1 as per 3.13	
4.13.	Please see comment 3 as per 3.13	
4.14.	Consider to better specify the treatment of a SPV which is placed outside the EEA, not being comprised within the scope of the consultation paper related to SPV	
4.15.		
4.16.		
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4.27.	Please specify the level of granularity requested	
4.28.	Please specify the level of granularity requested	
4.29.		
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4.32.		
4.33.		
4.34.	Consider requesting this explanation within the RSR as is in 3.48 for Asset	
4.35.		
4.36.		

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4.60.	Consider the opportunity to provide more guidance for the adoption of additional ratio on which the regulator is more confident aiming at providing a better understanding of the solvency position	

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4.61.	Consider the opportunity to foresee this guideline in the general introduction since it seems applicable to more items than just own funds	
4.62.	Please provide more guidance and explanations relating to the nature of disclosure is expected with regards to foreseeable dividends and distributions	
4.63.		
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4.73.		
4.74.	Consider including a reference within guideline 28 or adding an additional guideline that treats this topic in more detail. We suggest not keeping this important reference in the explanatory text	
4.75.	It seems that the information requested is mainly qualitative. Could you please confirm?	
4.76.	Since it has been foreseen that information on intra group transactions should now be included within the SFCR, consider the opportunity to provide more guidance in order to align these two different types of information in terms of granularity	
4.77.	Please see comment related to 4.76	
4.78.	Please see comment related to 4.76	
4.79.	Please comment related to 4.76	
4.80.	Please consider above comments	
4.81.	<b>Re wording</b> - "cannot be based on a lower threshold", without "be" (typo)	

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4.82.		
4.83.		
4.84.	Please see comments related to: 3.42 - 3.45	
4.85.		
4.86.	Please see comments related to: 3.42 - 3.45	
4.87.	Please see comment related to 3.46	
4.88.	Please see comment related to 3.47	
4.89.		
4.90.		
4.91.		
4.92.	Since each of the examples stated within this guideline could also trigger an additional ORSA and taking into account the text in guideline 4.100, the regulator may consider the opportunity to state cases that can be classified as a pre-defined event without being ORSA triggers (not leading to a change in undertaking's risk profile). This could probably help undertakings to better recognize situations that could likely lead to a significant change in their risk profile	
4.93.		
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4.101.		

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4.102.	<b>Typo</b> - "Very significant intra-group transactions follow" instead of "Very significant intra-group transactions follows"	
4.103.	Please see comment related to 3.55	
4.104.		
4.105.		
4.106.		
4.107.		
4.108.		
4.109.		
4.110.	Please see comment related to 3.63	
4.111.	Please see comment related to 3.63	