

<b>Comments Template on EIOPA-CP-14-045</b> <b>Draft proposal for Guidelines</b> <b>on reporting for financial stability purposes</b>		<b>Deadline</b> <b>02.Mar.2015</b> <b>23:59 CET</b>
Company name:	Deloitte Touche Tohmatsu	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.  Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do <b>not</b> change the numbering</u> in column "Reference".</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below.               <ul style="list-style-type: none"> <li>○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies.</li> <li>○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:Consultation_Set2@eiopa.europa.eu">Consultation_Set2@eiopa.europa.eu</a>, in <u>MSWord Format</u>, (our IT tool does not allow processing of any other formats).</b></p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-045.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	We believe that the deadlines for financial stability reporting are very short, especially once the transitional period is over, considering the amount and nature of information required. We do notice that there is a greater scope for approximations for reproting for FS purposes, but the time required for production, review, validation and sign-off of information required for financial stability reporting will create resource constratints for insurers.	

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	<p>Barring a few templates required only for Financial Stability (such as lapses, duration of liabilities etc), most of the templates will also be submitted to the regulator as part of regular reporting. These templates will have less simplifications than those submitted for financial stability purposes. The benefit to EIOPA of receiving a less accurate version of the same information a few weeks earlier at the cost of operational challenges to insurers is not clear.</p> <p>In general a harmonization of delivery times for groups and solo entities is difficult.</p>	
Introduction		
Guideline 1		
Guideline 2		
Guideline 3		
Guideline 4		
Guideline 5		
Guideline 6	<p>Paragraph 1.30e). Identify the insurance and reinsurance undertakings, groups and insurance third country branches identified under paragraph d) that are not already within the scope of Guideline 2 paragraphs a) and b) and which do not belong to a group reporting to a different national supervisory authority by conferring with the list shared between EIOPA and national supervisory authorities according to paragraph 1.34.</p> <p>It implies that once the supervisory authority has identified the entities (solo undertakings or groups) that reach 50% market share, undertakings that belong to a group whose supervisor authority is different to the country of the supervisory authority have to be identified and discarded from the previous list. As a consequence the 50% market share will not be reached. Wouldn't it be better to follow step e) before step d)?</p>	
Guideline 7	<p>Paragraph 1.33. Insurance and reinsurance undertakings, groups and insurance third country branches <b>which are required to report under the market share requirement given in Guideline 2, paragraph 1.15 c)</b> and notified according to Guideline 9 should <b>submit</b> to the national supervisory authority the set of <b>quantitative information</b> identified in Guideline 13, Guideline 14 and Guideline 15 for insurance and reinsurance groups and in Guideline 16, Guideline 17 and Guideline 18 for insurance and reinsurance undertakings and insurance third country branches <b>starting in the fourth quarter in the financial year when notification was given.</b></p>	

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	<p>Since National supervisory authorities have to report to EIOPA the list of undertakings which will report in accordance with the market share requirement provided in GL 2, paragraph 1.15 c) no later than the end of June of each year (GL 8), we see that there is not much time from the end of June to the fourth quarter of the financial year so that undertakings notified could prepare the information required (considering that the notification to EIOPA and to the undertakings happens at the same time, at the end of June).</p> <p>GL 9 states that National supervisory authorities should notify the undertakings to report under the market share requirement with a reasonable time before the reporting reference date.</p> <p>We suggest to postponement of the reporting to the first quarter of the following year.</p>	
Guideline 8		
Guideline 9	We propose that "reasonable time" should be defined, and firms should be given at least three months notice if they are to be included within scope for financial stability reporting.	
Guideline 10	Paragraph 1.39 states that simplifications employed in the preparation of data for reporting according to the guidelines should be employed consistently over time, yet this appears somewhat inconsistent with the guidance of 1.41 in that undertakings should strive to improve business processes over time so as to reduce recurring discrepancies between FST and QRT reporting. Paragraph 1.39 should be amended to acknowledge that changes in simplifications are allowed when they are to satisfy the requirements of other guidelines.	
Guideline 11		
Guideline 12	<p>Is it compulsory to recalculate the market risk module for the quarterly SCR reporting for financial stability?</p> <p>The following references do state that quarterly SCR calculation is not required so the reporting requirement for financial stability purposes seems to be asking for information not considered under Level 1 and 2, and not taken into account within the set of supervisory reporting QRTs.</p> <ul style="list-style-type: none"> <li>Article 129 of the SII Directive: "4. Insurance and reinsurance undertakings shall calculate the Minimum Capital Requirement at least quarterly and report the results of that calculation to supervisory authorities. For the purposes of calculating the limits</li> </ul>	

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	<p>referred to in paragraph 3, undertakings shall not be required to calculate the Solvency Capital Requirement on a quarterly basis”.</p> <ul style="list-style-type: none"> <li>Article 102 of the SII Directive: “1. [...] If the risk profile of an insurance or reinsurance undertaking deviates significantly from the assumptions underlying the last reported Solvency Capital Requirement, the undertaking concerned shall recalculate the Solvency Capital Requirement without delay and report it to the supervisory authorities. 2. Where there is evidence to suggest that the risk profile of the insurance or reinsurance undertaking has altered significantly since the date on which the Solvency Capital Requirement was last reported, the supervisory authorities may require the undertaking concerned to recalculate the Solvency Capital Requirement.</li> <li>Technical Specifications for the Preparatory Phase: “TP.5.69. It can be appropriate to base the simplified calculations of the risk margin to be carried out during the year on the risk margin calculated at the beginning of the year. Since no full calculations of the SCR are carried out during the year, a possible simplifications [...]”.</li> </ul> <p>In case a full recalculation is needed on a quarterly basis (eg.significant change in risk profile), how would it be reported to the NCAs? Is there a specific template for that purpose?</p> <p>More guidance on full recalculation would be very helpful for insurance companies in case it is required. Additional guidance on simplified calculation of quarterly technical provisions has been provided in guideline 50-52 of “Guidelines on Valuation of Technical Provisions”, so similar guidance for quarterly SCR calculation is necessary to achieve a harmonised approach across different countries/undertakings</p>	
Guideline 13		
Guideline 14		
Guideline 15		
Guideline 16		
Guideline 17		

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Guideline 18		
Guideline 19	Deadlines for Financial Stability are one additional week for the individual reporting during the transitional period of four years. It does not mention the deadlines for groups reporting and it does not distinguish between annual, semiannual and quarterly reporting. Does this mean that the deadlines of 9,8, 7 and 6 weeks set out in guideline 6 are applicable for all the following reportings? Annual solo, quarterly solo, annual group and quarterly group?	
Guideline 20		
Guideline 21		
Guideline 22		
Guideline 23		
Annex 1: IA Section 1		
Annex 1: IA Section 2		
Annex 1: IA Section 3		
Annex 1: IA Section 4		
Annex 1: IA Section 5		
Annex 1: IA Section 6		
Annex 1: IA Section 7		
Technical Annex A - Content-S.01.01.c		
Technical Annex A - BI-		

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S.01.02.c		
Technical Annex A - AS-D4-S.06.03.c		
Technical Annex A - AS-D3-S.09.01.c		
Technical Annex A - AS-D5-S.10.01.c		
Technical Annex A - S.25.04.c		
Technical Annex A - Re-J3-S.31.01.c		
Technical Annex A - P&L-S.39.01.c		
Technical Annex A - Lapses-S.41.01.c		
Technical Annex A - Content-S.01.01.d		
Technical Annex A - BI-S.01.02.d		
Technical Annex A - TP - F3-S.14.01.d		
Technical Annex A - Re-J2_basic-S.30.03.d		
Technical Annex A - Re-J2_shares-S.30.04.d		
Technical Annex A - Duration L-S_38.01.d		
Technical Annex A - PL sharing-S.40.01.d		

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Technical Annex A - Content-S.01.01.h		
Technical Annex A - BI-S.01.02.h		
Technical Annex A - BS-S.02.01.h		
Technical Annex A - Cover-A1Q-S.05.01.h		
Technical Annex A - Assets-D1-S.06.02.h	Templates such as S.06.02 (old AS-D1) and S.08.01 (old AS-D20) are required annually both for supervisory reporting and financial stability reporting. However, deadlines are not the same and the level of detail in both templates is exactly the same. This would mean that, in practice, deadlines for the reporting of list of assets and open derivatives will shorten significantly to fit the financial stability purposes. We believe this is excessive.	
Technical Annex A - AS-D4-S.06.03.h		
Technical Annex A - AS-D20-S.08.01.h	Templates such as S.06.02 (old AS-D1) and S.08.01 (old AS-D20) are required annually both for supervisory reporting and financial stability reporting. However, deadlines are not the same and the level of detail in both templates is exactly the same. This would mean that, in practice, deadlines for the reporting of list of assets and open derivatives will shorten significantly to fit the financial stability purposes. We believe this is excessive.	
Technical Annex A - AS-D3-S.09.01.h	Reporting templates such as S.09.01 (old AS-D3) are required quarterly for financial stability purposes and only annually for the supervisory reporting. We believe this is disproportionate.	
Technical Annex A - AS-D5-S.10.01.h	Reporting templates such as S.10.01 (old AS-D5) are required quarterly for financial stability purposes and only annually for the supervisory reporting. We believe this is disproportionate.	
Technical Annex A - OF - B1Q-S.23.01.h		
Technical Annex A - S.25.04.h		
Technical Annex A - Re-J3-S.31.01.h	Reporting templates such as S.31.01 (old Re-J3) are required quarterly for financial stability purposes and only annually for the supervisory reporting. We believe this is disproportionate.	

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Technical Annex A - P&L-S.39.01.h		
Technical Annex A - Lapses-S.41.01.h		
Technical Annex A - Content-S.01.01.i		
Technical Annex A - BI-S.01.02.i		
Technical Annex A - TP - F3-S.14.01.i		
Technical Annex A - Re-J2_basic-S.30.03.i		
Technical Annex A - Re-J2_shares-S.30.04.i		
Technical Annex A - Duration L-S_38.01.i		
Technical Annex A - PL sharing-S.40.01.i		
Technical Annex B - S_01_01_h_i_LOG		
Technical Annex B - S_01_02_h_i_LOG		
Technical Annex B - S_14_01_d_i_LOG		
Technical Annex B - S_30_03_d_i_LOG		
Technical Annex B - S_30_04_d_i_LOG		



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Technical Annex B - S_38_01_d_i_LOG	We understand that intention of this template is to provide the regulator a measure interest rate risk. Therefore, products that carry insignificant or no interest rate risk, such as unit linked products without investment guarantees, should be excluded or these will distort the information requested by the regulator.	
Technical Annex B - S_40_01_d_i_LOG		
Technical Annex B - S_39_01_c_h_LOG		
Technical Annex B - S_06_03_c_h_LOG		
Technical Annex B - S_09_01_c_h_LOG		
Technical Annex B - S_10_01_c_h_LOG		
Technical Annex B - S_25_04_c_h_LOG		
Technical Annex B - S_31_01_c_h_LOG		
Technical Annex B - S_41_01_c_h_LOG	Policies that do not have a surrender option, such as DC pensions or annuities should be excluded, or this will distort the information required by the regulator	
Technical Annex B - S_02_01_h_LOG		
Technical Annex B - S_05_01_h_LOG		
Technical Annex B - S_06_02_h_LOG		
Technical Annex B - S_08_01_h_LOG		

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Technical Annex B - S_23_01_h_LOG			
Technical Annex B - S_01_01_c_d_LOG			
Technical Annex B - S_01_02_c_d_LOG			
Technical Annex C			