

| Comments Template on EIOPA-CP-14-045 Draft proposal for Guidelines on reporting for financial stability purposes | | Deadline 02.Mar.2015 23:59 CET |
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| Company name: | Insurance Europe | |
| Disclosure comments: | of 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 |
| Please follow the instructions for filling in the template: <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in column "Reference". ⇒ 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>. ⇒ 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"> ○ 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. ○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself. <p>Please send the completed template to Consultation_Set2@eiopa.europa.eu, in MSWord Format, (our IT tool does not allow processing of any other formats).</p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-045.</p> | | |
| Reference | Comment | |
| General Comment | Insurance Europe welcomes the opportunity to comment on the draft proposal for guidelines on reporting for financial stability purposes. While the detail of our concern are commented in the following parts, our primary concern is the following: | |

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EIOPA should alleviate the reporting burden on undertakings for financial stability reporting as this is in its remit.

For the purpose of financial stability, it is hard to conceive the necessity of a shorter reporting deadline for macro-prudential purposes compared with micro-prudential supervision (i.e. general S II reporting). As the Financial Stability reporting requirements are a responsibility of EIOPA towards the ESRB and are enshrined neither in the Solvency II directive nor in the Delegated Acts we propose the following three possible ways to lessen the reporting burden on undertakings:

- Since groups are the primary target of the Financial Stability requirements and considering that Solvency II provides a much longer deadline (additional 6 weeks) for groups to compile their reports, we suggest alignment with the RSR reporting deadlines. Requiring data on a more accelerated basis could compromise the quality of data produced. In addition, as this data will also be used for Solvency II micro-prudential supervision, undertakings will have to submit the same information twice. Furthermore, for financial stability purposes groups are requested to calculate the group SCR on a quarterly basis as opposed to annual basis as required by Article 102(1) of the Directive. This will prove very burdensome and practically impossible since it requires the ultimate participating undertaking not only to collect consolidated data from all related undertakings of the group on a quarterly basis but also requires all related undertakings of the group to calculate a solo SCR and a solo MCR on a quarterly basis. The above arguments also apply for solo undertakings which will have to report for financial stability purposes.
- Alternatively, another way forward to alleviate this burden and ensure increased quality of the Q1 2016 reporting is to gradually phase in the Financial Stability (FS) reporting which would allow EIOPA to assess whether any addition FS-specific information is really needed to achieve the FS scope (above that which will be available to EIOPA from either the RSR or SFCR packages). At the earliest, we propose that the date of the first reporting be changed from 2016 to 2017, so that companies are able to ensure the quality of the Solvency II reporting as part of RSR and SFCR.
- To the extent that the reports are identical, the number of FS reports should be reduced

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| | and instead reference directly to applicable RSR reports. The data requirements should to the extent possible rely on the SII QRT packages as set out in ITS (CP-14-052 and CP-14-055). This information should in turn be sourced directly from the NSAs as recipients of the RSR QRTs. | |
| Introduction | Currently, undertakings are facing considerable reporting requirements implementation burden at this point in time (interim reporting, ECB reporting, SII reporting, National supervisors specific request) let alone that the current consultation will result in subsequent changes adding to the burden. One of the way forward to alleviate this burden and ensure increased quality of the Q1 2016 reporting is to gradually phase in the Financial Stability (FS) reporting which would allow EIOPA to assess whether any addition FS-specific information is really needed to achieve the FS scope (above that which will be available to EIOPA from either the RSR or SFCR packages). At the earliest, we propose that the date of the first reporting be changed from 2016 to 2017, so that companies are able to ensure the quality of the Solvency II reporting as part of RSR and SFCR. The deadlines set out in Guideline 23 should therefore be changed to this effect, recommending that deadlines for undertakings meeting 1.15 a-b) and those that meet 1.15 c) to begin to report be postponed by one year each (or a later date than this, if a longer phase-in could be envisaged). | |
| Guideline 1 | | |
| Guideline 2 | <p>1.15. It should be clarified upon which closing period the criteria are based. We understand the assessment of whether this threshold is exceeded will happen every year based on the entity latest financial year end figure.</p> <p>It would be useful to get a little more insight into how the decision to set the EUR 12 bn reporting threshold was made. This could help understanding whether and when this threshold are likely to change in the future</p> | |
| Guideline 3 | <p>1.22. Browsing the ECB website, one realises that two rates can qualify for the purpose of this guideline: the Euro foreign exchange reference rates and the effective exchange rates (EERs) of the euro. Clarification is sought as to which one is intended for the purpose of the guideline.</p> <p>ITS on SFCR (CP-14-055) and RSR (CP-14-052) contain explicit instructions on „format“</p> | |

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| | (article 2 of the two ITSs) which seems to be lacking here. As we have commented in both of those ITS, Financial stability templates should be aligned with the RSR templates to the greatest extent possible to ensure limited duplication of work. For the sake of example, we note in this regard that between CP-14-055 (SFCR), CP-14-052 (RSR) and CP-14-045 (FS), differences exist as to how rules are defined for currency. A common denominator in terms of formats of the metadata should be achieved because differences will most likely mean separate reports will need to be maintained for what is essentially the same information. | |
| Guideline 4 | <p>We suggest changing the title and replacing it with one that is more expressive of what the guideline is about. „<i>Inclusion in the sample</i>“ is not telling enough with regards to what sample is referred to.</p> <p>1.24. In addition, we request that the rationale governing the rules („two consecutive financial years“) laid down here be explained. Although we do not have real concerns about the rule in its own right, it is extremely difficult to comment without a more insight into the rationale behind it and how the reporting threshold (EUR 12 bn, EUR 13 bn) was set.</p> | |
| Guideline 5 | 1.25 & 1.26. See our comment on 1.23 and 1.24 regarding the title and the rationale for the rule laid down and the threshold. | |
| Guideline 6 | 1.30 e. The purpose of this step should be clarified (see GL7 1.13) as the wording is very confusing. | |
| Guideline 7 | <p>1.31. We fail to understand why after determining the 50%market coverage reporting sample, additional undertakings, outside the scope of that sample are required by this guideline to report. This will go beyond financial stability reporting purpose.</p> <p>1.32. Once the rules for determining the 50%market coverage reporting sample, we do not see how it serves further the Financial stability purposes to enlarge that population at the discretion of the supervisors.</p> <p>Having regards to our above comments, this guideline should be deleted.</p> | |
| Guideline 8 | | |
| Guideline 9 | 1.36. The notification by NCAs to undertakings within a „reasonable timeframe“, to report under the market share requirement leaves too much leeway for NCAs that could end up as a time pressure for the undertaking if the ultimate time allotted to report was short. The | |

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| | timeframe needs therefore to leave at least 3 months for the undertaking. | |
| Guideline 10 | | |
| Guideline 11 | There should be no requirement to explain the difference between information submitted for financial stability purposes and regular reporting. | |
| Guideline 12 | The industry still supports an SCR calculation on an annual basis. The calculation of cash flows on a more than annual frequency would be very burdensome and time consuming. Furthermore, the calculation of a group SCR on a quarterly basis requires the ultimate participating undertaking not only to collect consolidated data from all related undertakings of the group on a quarterly basis. It also requires all related undertakings of the group to calculate a solo SCR and a solo MCR on a quarterly basis. The reason for that is that those data are required for group solvency calculations (i. e. to calculate the group SCR based on consolidated accounts, the contribution of non-available own funds or the group SCR floor). Additionally, Article 102 of the Directive foresees annual calculation of the SCR, which is also only required by EIOPA for regular reporting. | |
| Guideline 13 | <p>GL 13, 1.49 g) template S.40.01.i profit or loss sharing. This template could benefit from introducing the wording "only applicable where the contract displays such features" (i.e., as a profit or loss sharing element) to the LOG</p> <p>It would considerably facilitate reporting for undertakings if row numbers in the Solvency II templates and Financial Stability templates have the same row number as some have the same number and others do not. Hereunder an example but the point of view refers to all templates for Financial Stability.</p> <p>1.49.b. Refer to template S.01.02.i." Basic information", annual template for group;</p> <ul style="list-style-type: none"> • Row R0050 to R0220; there is no compliance with the Solvency II template S.01.02.g • -Row R0150 refer to "Use of group specific parameters" but in S.01.02.g row R0150 refer to "Ring-fenced funds", the task of ring-fenced does not exist in Stability Report S.01.02.i. and therefore should not be used in Stability Report. | |
| Guideline 14 | We ask for more clarity on the concept of semi-annual reports – are they considered an own separate set of reporting templates, or part of the quarterly package. This should be closer defined as it affects amongst other things the focus of developing new templates/sourcing the requirements for data | |

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| Guideline 15 | <p>There is an element of materiality involved especially with regards to 15m) as requesting such information where its immateriality can be clearly expected will give rise to risk costs / undue but with potentially little added value for the scope of this exercise (which is monitoring macro-trends in the EU markets). We therefore ask that all templates are not impacted indiscriminately, but that consideration is given to the type of business conducted. This issue could be tackled by the introduction of thresholds in the requirements</p> | |
| Guideline 16 | <p>GL 16, 1.52 g) template S.40.01.d profit or loss sharing. This template could benefit from introducing the wording "only applicable where the contract displays such features" (i.e., as a profit or loss sharing element) to the LOG.</p> <p>It would considerably facilitate reporting for undertakings if row numbers in the Solvency II templates and Financial Stability templates have the same row number as some have the same number and others do not. See for example Guideline 13 which relates to group but the view refers to all templates.</p> | |
| Guideline 17 | <p>Similarly to GL 14, we ask for more clarity on the concept of semi-annual reports – are they considered an own separate set of reporting templates, or part of the quarterly package. This should be closer defined as it affects amongst other things the focus of developing new templates/sourcing the requirements for data</p> | |
| Guideline 18 | <p>GL18, 1.54h) template S.41.01c Refer comments to GL 15, 1.51 m) template S.41.01.h information on lapses for life obligations.</p> <p>It would considerably facilitate reporting for undertakings if row numbers in the Solvency II templates and Financial Stability templates have the same row number as some have the same number and others do not. See for example Guideline 13 which relates to group but the view refers to all templates.</p> | |
| Guideline 19 | <p>Date of Financial Stability reporting follows the Solvency II reporting on an individual level plus 1 week, whether it be for solo or group. For reporting on individual undertakings, it means that several data will be the same in the quarterly report under Solvency II as in the Financial Stability report, it means that the same data is reported again but a week later.</p> <p>One example among many is Stability template S.06.03.c "Collective Investment Undertakings - look-through approach" which complies in full with the quarterly Solvency II template on the</p> | |

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| | <p>solo level S.06.03.a.</p> <p>All data included in quarterly Solvency II templates on the solo level should be excluded from the Stability reporting when EIOPA has already received such information a week earlier. We instead propose this information be sourced directly from the NSAs as recipients of the RSR QRTs.</p> | |
| Guideline 20 | | |
| Guideline 21 | There does not seem to be a FS equivalent package to the RSR validation rules included in the CP 14-047 Technical Annex I. Is this an oversight? | |
| Guideline 22 | 1.60. The notification by NCAs to undertakings within a „reasonable timeframe“, to report under the size threshold requirement leaves too much leeway for NCAs that could end up as a time pressure for the undertaking if the ultimate time allotted to report was short. The timeframe needs therefore to leave at least 3 months for the undertaking. | |
| Guideline 23 | <p>1.63. The wording „Solvency II opening information“ should be further specified and linked to the Delegated Acts to avoid misunderstanding.</p> <p>This comment refers specifically to the date of application referred to in par 1.11 and further elaborated on in GL 23 for the FS/Stability reporting to enter into force. Currently, undertakings are facing considerable reporting requirements implementation burden at this point in time (interim reporting, ECB reporting, SII reporting, National supervisors specific request) let alone that the current consultation will result in subsequent changes adding to the burden. One of the way forward to alleviate this burden and ensure increased quality of the Q1 2016 reporting is to gradually phase in the Financial Stability (FS) reporting which would allow EIOPA to assess whether any addition FS-specific information is really needed to achieve the FS scope (above that which will be available to EIOPA from either the RSR or SFCR packages). At the earliest, we propose that the date of the first reporting be changed from 2016 to 2017, so that companies are able to ensure the quality of the Solvency II reporting as part of RSR and SFCR.</p> <p>We propose that the deadlines set out in Guideline 23 be changed to this effect, recommending that deadlines for undertakings meeting 1.15 a-b) and those that meet 1.15 c) to begin to report be postponed by one year each (or a later date than this, if a longer phase-in could be</p> | |

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| | envisaged). | |
| 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 S.01.02.c | <p>There are inconsistencies in the LOGs and between QRTs and LOGs:</p> <p>Cell C0010/R0080 is labelled as:</p> <p>S.01.02.c,d (Financial Stability templates) = Language of reporting</p> <p>Whereas the equivalent LOG files state "Reporting submission date" for the Financial Stability templates.</p> | |
| Technical Annex A - AS | We encourage EIOPA to give very clear urgent guidance on the application of materiality in this | |

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D4-S.06.03.c

template, particularly in light of the cost and complexity of the systems required to provide look-through to the "Nth" level. The new template classifications are substantial and are not aligned to the principle of proportionality.

Following further analysis of the updated LOGs and templates, the following questions arise:

- The LOG for this template states: "This template contains information on the look through of collective investment undertakings, including when they are participations, by underlying asset category, country of issue and currency. The look through shall be performed until the asset categories, countries and currencies are identified. In case of funds of funds the look-through shall follow the same approach."
 - Should this be understood as; undertakings do not have to report each individual underlying asset in the funds?
 - If a fund's underlying assets are split per category, country and currency - no further look through is required?
 - If the category of the underlying asset is a fund, is it correct that we should then look through the underlying fund iteratively until no further funds are identified?
 - Article 84(3) in the Delegated Acts states that "data groupings may be used, provided they do not apply to more than 20% of the total value of assets" for calculations of SCR. This is inconsistent with the LOG for S.06.03 where it states that the condition for quarterly reporting applies when the ratio of collective investments is more than 30%. Should the two percentages not be aligned, along with the Assets/Investments denominators in these two cases?
- Does "Underlying asset category" refer to "Category" only or does it refer to "sub-category or main risk", within the CIC table?
- All the asset QRT LOGs refer to the applicability of certain fields for method 1 and method 2 groups (where there is a lot of detail in the general comment section of the LOGs); however the LOG for S.06.03 (D4) makes no such mention. We believe this is an oversight, but wish EIOPA to confirm.
- Template General Guidance now refers to "collective investment undertakings, including when they are Participations" – this could imply that Participations are not necessarily CIC 3 only, unless the scope of this template has changed to also include some CIC 3 assets. However this is not apparent in the LOGs. The LOGs appear inconsistent and it is unclear how this template reconciles with the Balance Sheet. As such, we find it

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difficult to interpret whether some CIC 4 assets should also be Participations, and if so further clarity as to which ones would be needed. (Note: Participations line from Balance Sheet is also now included in the calculation of ratio of funds to total assets that determines if Quarterly Reporting is required)

- The level of data granularity of the template has been increased by requiring issuer country of each asset category reported, rather than geographical zone (July 2012 requirement). This change is going to make the template more difficult and this is an area where the industry is already struggling to meet all the template requirements. We accept that EIOPA may want to increase the geographical analysis but do we need to default to country? There could be intermediate steps between the original EU, OECD and RoW (rest of world) classification and individual country (e.g. by continent for example).

Furthermore, we suggest amending the LOG as there appears to be an error in the definition of field C0060, where the list of available values is shorter than that specified for the asset categories in Annex 3.

Finally, we note that there is a potential (unintended discrepancy) between the most recent version of this form and the previous version on the following:
Collective investment undertakings – look through. Cell C0060 “Underlying asset category” includes the categories 3 – Listed Equity and 4 – Unlisted equity. On the previous version of the templates the categorisation was 3L for listed and 3NL – for unlisted.

Technical Annex A - AS-D3-S.09.01.c

Solvency II regulations are devised to monitor solvency positions. All regulations in the directive and in the delegated acts are about positions, not flows or performance. We understand that for supervisory purposes, some information on flows is helpful. To enable the reporting of performance information under Solvency II, EIOPA will have to use existing standards, or devise its own standards.

The template and standards EIOPA proposes for the reporting of investment income/gains and losses is not in line with industry standards (or GAAP P&L standards) for investment asset performance reporting. EIOPA does not explain the supervisory purpose this deviation serves.

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Investment asset performance measurement is a key component of the insurance industry activities. Investment asset performance measurement and reporting is developed extensively by the industry. The principles EIOPA uses for investment performance reporting deviate from the industry practice, without explanation of the supervisory purposes that this serves.

Also, the EIOPA standards contain errors. All previous three versions of this specific template contained errors, and in the current consultation version, this has not been repaired (changed but not repaired).

We propose to report investment performance on an accrual basis, instead of the principles EIOPA formulates. EIOPA performance reports will be used as and when EIOPA reveals the purpose of the deviation and issues a set of standards without errors, in line with the stated purpose.

Furthermore, this template elicits the following comments:

- EIOPA should clarify whether this template should be completed on a year to date basis or in a discrete manner
- Cell C0100 - Net gains and losses: Definition of gains and losses as per LOG guidance is;
"The gains and losses are calculated as the difference between selling or maturity value and the value according to article 75 of Directive 2009/138/EC at the end of the prior reporting year end (or, in case of assets acquired during the reporting period, the acquisition value)."
This is not in line with the net gains and losses calculation under IFRS and hence, additional effort is required to acquire this information. We ask EIOPA to align net gains and losses calculation with under IFRS to achieve consistency. We believe that the different definition introduces significant complexity into the process and question its real value given that unrealised gains are now also being reported
- C0100 and C0110: EIOPA must clarify whether loss amounts should be filled out in negative or whether the formula accounts for the signs.
- C0070 and C0080 Dividends and interest. Should the amounts disclosed for dividends and interest be shown gross or net of tax?

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| | <ul style="list-style-type: none"> • Definitions need to be improved - ought to refer to income "receivable" during the year; or income "received and accrued at the period end, less amounts accrued during the previous period." • There are errors in the current version of the templates: <ul style="list-style-type: none"> ○ The LOG file still partially refers to cash based reporting. ○ Dividend/Interest/Rent received instead of earned (this includes purchased dividend/interest/rent) ○ LOG refers to accruals at the end of the reporting period instead of "Accrual accounting" ○ (unnecessary) Gains and losses are split in realized and unrealized. This distinction cannot be related to supervisory purposes as all assets are valued according to article 75 of directive 2009/138/EC (market value), where the distinction between the two is only relevant for illiquid investments. <p>All previous three versions of this template have contained errors of this type and magnitude. We do not see the merit in investing in reports that provide no relevant performance information at all.</p> | |
| Technical Annex A - AS-D5-S.10.01.c | <p>Following analysis of the updated LOGs and templates, the following questions arise:</p> <ul style="list-style-type: none"> • In A8 (C0100) "Collateral type", does "the most significant category" mean the category with the largest weight in the collateral pool? What if collateral is 50% cash and 50% government bonds? • In A6 (C0120) "position in the contract", does "amount" refer to the market value of the asset? (e.g. in the case of a buyer in the repo the buyer receives an asset in exchange for cash so amount should actually reflect the market value of the asset that the buyer receives) • Does "inception of the contract" or "start date" mean trade or settlement date? • It is not clear whether this quarterly template should be completed on a discrete quarter or year-to-date basis like template S.05. Could EIOPA please clarify as there is no guidance on this? <p>As stated in the regulations, this template is to contain an "item-by-item list of securities lending transactions and repurchase agreements/contracts" that existed during the reporting</p> | |

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| | period. The QRT however does not contain any attributes that would identify an individual transaction/agreement/contract (or security), such as an ID Code. Consequently, where loans/repo's within Ring Fenced Funds are the same type (Asset Category), are made to the same Counterparty and have the same start dates, durations etc., should these positions be aggregated? | |
| Technical Annex A S.25.04.c | The industry still supports an SCR calculation on an annual basis. The calculation of cash flows on a more than annual frequency would be very burdensome and time consuming. Furthermore, the calculation of a group SCR on a quarterly basis requires the ultimate participating undertaking not only to collect consolidated data from all related undertakings of the group on a quarterly basis. It also requires all related undertakings of the group to calculate a solo SCR and a solo MCR on a quarterly basis. The reason for that is that those data are required for group solvency calculations (i. e. to calculate the group SCR based on consolidated accounts, the contribution of non-available own funds or the group SCR floor). | |
| Technical Annex A - Re- J3-S.31.01.c | <p>The following questions and comments arise:</p> <ul style="list-style-type: none"> • C0190 Country of residency: the log remains silent as to what country should be indicated for branches – is it the country of the branch or is it the country of the subsidiary the branch is attached to? • Information on reinsurers are broken out of the main table into a separate table (C0150-C0240), however in the main table only the code of reinsurer (C0040) is included connecting to C0150, but since this code is not guaranteed to be unique the type of code has to be included in the code but it is missing in the main table. The setup is correct in same report regarding Collateral provider (C0120&C0130) • C0230: According to the LOG file the new requirement "Credit quality step" might only be required for the standard formula calculation ("Identify the credit quality step attributed to the reinsurer. The credit quality step shall reflect any readjustments to the credit quality made internally by the undertakings that use the standard formula."). However, we have noted that EIOPA's document on main changes refers to both standard formula users and internal model users. As such, we would request that EIOPA clarifies its intention and the situation within which this will apply. | |

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| 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 | <p>There are inconsistencies in the LOGs and between QRTs and LOGs:</p> <p>Cell C0010/R0080 is labelled as: S.01.02.c,d (Financial Stability templates) = Language of reporting, whereas the equivalent LOG files state "Reporting submission date" for the Financial Stability templates.</p> | |
| Technical Annex A - TP-F3-S.14.01.d | | |
| Technical Annex A - Re-J2_basic-S.30.03.d | <p>The following questions and comments arise:</p> <ul style="list-style-type: none"> • Regarding the new information requested on Information on reinsurers and brokers, the following should be noted • C0200 Country of residency: the log remains silent as to what country should be indicated for branches – is it the country of the branch or is it the country of the subsidiary the branch is attached to? Regarding information on collateral, the information on C0290 and C0300 seem to replicate the cells C0120 and C0130 already in this template as the log does not provide further information. Further clarification is needed • In the set of QRTs issued in 2012, the LOG accompanying J1 and J2 stated that a resubmission was required at half or full year if the actual cover was different to what was expected in the initial template. This instruction has been removed in the current consultation and replaced by general guidance in article 4 in CP-14/052. This is | |

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| | <p>detailed below.</p> <ul style="list-style-type: none"> ○ Article 4 <i>Re-submission of data</i> <i>The insurance and reinsurance undertakings and the participating insurance and reinsurance undertakings, insurance holding companies or mixed financial holding companies shall re-submit as soon as practicable the information referred to in this Regulation when the information reported has materially changed after the last submission to national supervisory authorities or group supervisor.</i> <p>Finally, we would request that EIOPA clarify whether they would expect every forward looking QRT to be continuously monitored and resubmitted out of cycle as soon as a material item changes, for example the renewal of CAT cover.</p> <p>With regards to the data required in the templates</p> <ul style="list-style-type: none"> • C0070 Line of business: As the market use sometimes reinsurance treaties to cover more than one year where the price conditions are fixed upfront for the period, it might be beneficial to have another choice in the selection labelled "multiyear" documented in the log to cover this possibility. | |
| <p>Technical Annex A - Re- J2_basic-S.30.04.d</p> | | |
| <p>Technical Annex A Duration L-S_38.01.d</p> | <p>Although the calculation of the duration is not complicated, the information may not be available in database therefore undertakings would need to either modify their database of encode this information manually, both solution increasing implementation costs</p> | |
| <p>Technical Annex A - Pl sharing-S.40.01.d</p> | | |
| <p>Technical Annex A Content-S.01.01.h</p> | | |
| <p>Technical Annex A - BI- S.01.02.h</p> | <p>There are inconsistencies in the LOGs and between QRTs and LOGs:</p> | |

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| | <p>Cell C0010/R0080 is labelled as:</p> <p>S.01.02.h (Financial Stability templates) = Language of reporting</p> <p>Whereas the equivalent LOG files state "Reporting submission date" for the Financial Stability templates.</p> | |
| Technical Annex A - BS S.02.01.h | Given that 7 items are extracted from the template S.02.01a, this does not bring additional concern, therefore the level of importance is assumed to be the same as S.02.01a. | |
| Technical Annex A Cover-A1Q-S.05.01.h | It is said in the LOG file "This template shall be reported from an accounting perspective (Local GAAP valuation)". We believe IFRS should also be mentioned there for the sake of clarity. | |
| Technical Annex A Assets-D1-S.06.02.h | <p>We believe that this new template does not bring added-value to the existing one. We question EIOPA on the opportunity to keep it. Since this is a new template undertakings will incur additional operational costs, as they will have to update their IT systems to accommodate these changes.</p> <p>We further note that there is a potential (unintended discrepancy) between the most recent version of this form and the previous version from 2012. Cell C0290 uses CIC codes to classify assets, whereas the previous version of the templates, the CIC code classification was aligned with the underlying asset category classification on the look through template. These codes are no longer aligned as CIC category 4 is "Investment Funds" but asset category 4 in cell C0060 on S.06.03 is now "Unlisted equity" and category 5 is now "Collective Investment Undertakings".</p> <p>We also suggest the following amendments to the templates:</p> <ul style="list-style-type: none"> • C0160/A25: for consistency purposes, explicit reference to a weighted average acquisition price would be useful (instead of simply average acquisition price); It would be useful to have a column reflecting the "unit percentage of par amount Solvency II price", similar to the column in the "information on assets table", i.e. C0380. | |

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- In C0200/A8 the definition of issuer name is ambiguous ("Name of the issuer, defined as the entity that offers assets for sale to investors") and could be interpreted as the seller of a security in general, not necessarily the issuer. The issuer is also the seller only on the primary market, so we suggest redefining name of the issuer.
- If the detailed information such as the industry class split according to the LOG Files is required for statistical purposes, we propose to ask for this information rather in a separate survey but not as part of the regular supervisory reporting. Otherwise a best effort approach should be supported with allowing for the class "other" where the information might anyway not provided in a reliable way.

Following analysis of the updated LOGs and templates, the following questions arise:

- C0170: Clarification is needed as to how to calculate the total SII amount for foreign currency items.
- C0350 refers to internal ratings only "to the extent that the external ratings are used in their internal modelling" - does this mean that an undertaking using the standard formula does not need to report internally generated credit ratings, even in the case of assets that do not have an external rating and an internal one would be used for SCR calculation?
- The rationale is sought as to why forms such as this are requested multiple times for each reporting period (quarterly, financial stability and annually)?
- Clearer guidance is needed on which fields apply to deposits with cedants. The CIC that applies to deposits with cedants could be "Other Investments", which are not reported on this template, but rather in the Balance Sheet for item: C0010-C0020/R0210 (A11). This may become clear once validation rules for data submissions are available.
- How should net current assets of unit linked funds be treated on S.06.02? In order for the total on S.06.02 to agree with unit linked assets on the balance sheet QRT (S.02.01), net current assets will have to be included in S.06.02. A possible option includes leaving a reconciling item between S.06.02 and S.02.01, or including under CIC code 79: "cash/other".
- CIC 0/09 has been introduced for "Other Assets not elsewhere shown" (Balance Sheet line ref: C0010-C0020/R0430 (A29)), and would now bring these assets into scope for template S.06.02. Is this CIC actually intended to capture "Other Investments," which are still not reported on S.06.02 (i.e. S.02.01 balance sheet item Ref: C0010-

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| | <p>C0020/R0210 (A11))?</p> <ul style="list-style-type: none"> • The cells for the following items have been recodified with "numbers and letters", unlike for the QRTs for preparatory phase, where "letters" were only used. This change will result in increased operational costs. What is the motivation behind the change? Particularly: <ul style="list-style-type: none"> ○ C0060 (A1) Letters Numbers or numbers and letters ○ C0090 (A3) Letters Numbers or numbers and letters ○ C0100 (A6) Letters Numbers or numbers and letters ○ C0150 (A24) Letters Numbers or numbers and letters ○ C0220 (A33) Letters Numbers or numbers and letters ○ C0260 (A33) Letters Numbers or numbers and letters ○ C0310 (A16) Letters Numbers or numbers and letters <p>For the cell C0310 (A16) "Participation", the LOG states "identify if an equity and other share is a participation included in group supervision." This has been written as if the undertaking prepares group reporting. How should it be written in the case of individual undertaking?</p> | |
| <p>Technical Annex A - AS-D4-S.06.03.h</p> | <p>We encourage EIOPA to give very clear urgent guidance on the application of materiality in this template, particularly in light of the cost and complexity of the systems required to provide look-through to the "Nth" level. The new template classifications are substantial and are not aligned to the principle of proportionality.</p> <p>Following further analysis of the updated LOGs and templates, the following questions arise:</p> <ul style="list-style-type: none"> • The LOG for this template states: "This template contains information on the look through of collective investment undertakings, including when they are participations, by underlying asset category, country of issue and currency. The look through shall be performed until the asset categories, countries and currencies are identified. In case of funds of funds the look-through shall follow the same approach." <ul style="list-style-type: none"> ○ Should this be understood as; undertakings do not have to report each individual underlying asset in the funds? ○ If a fund's underlying assets are split per category, country and currency - no further look through is required? ○ If the category of the underlying asset is a fund, is it correct that we should then | |

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look through the underlying fund iteratively until no further funds are identified?

- Article 84(3) in the Delegated Acts states that "data groupings may be used, provided they do not apply to more than 20% of the total value of assets" for calculations of SCR. This is inconsistent with the LOG for S.06.03 where it states that the condition for quarterly reporting applies when the ratio of collective investments is more than 30%. Should the two percentages not be aligned, along with the Assets/Investments denominators in these two cases?
- Does "Underlying asset category" refer to "Category" only or does it refer to "sub-category or main risk", within the CIC table?
- All the asset QRT LOGs refer to the applicability of certain fields for method 1 and method 2 groups (where there is a lot of detail in the general comment section of the LOGs); however the LOG for S.06.03 (D4) makes no such mention. We believe this is an oversight, but wish EIOPA to confirm.
- Template General Guidance now refers to "collective investment undertakings, including when they are Participations" – this could imply that Participations are not necessarily CIC 3 only, unless the scope of this template has changed to also include some CIC 3 assets. However this is not apparent in the LOGs. The LOGs appear inconsistent and it is unclear how this template reconciles with the Balance Sheet. As such, we find it difficult to interpret whether some CIC 4 assets should also be Participations, and if so further clarity as to which ones would be needed. (Note: Participations line from Balance Sheet is also now included in the calculation of ratio of funds to total assets that determines if Quarterly Reporting is required)
- The level of data granularity of the template has been increased by requiring issuer country of each asset category reported, rather than geographical zone (July 2012 requirement). This change is going to make the template more difficult and this is an area where the industry is already struggling to meet all the template requirements. We accept that EIOPA may want to increase the geographical analysis but do we need to default to country? There could be intermediate steps between the original EU, OECD and RoW (rest of world) classification and individual country (e.g. by continent for example).

Furthermore, we suggest amending the LOG as there appears to be an error in the definition of field C0060, where the list of available values is shorter than that specified for the asset categories in Annex 3.

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| | <p>Finally, we note that there is a potential (unintended discrepancy) between the most recent version of this form and the previous version on the following: Collective investment undertakings – look through. Cell C0060 “Underlying asset category” includes the categories 3 – Listed Equity and 4 – Unlisted equity. On the previous version of the templates the categorisation was 3L for listed and 3NL – for unlisted.</p> | |
| <p>Technical Annex A - AS-D20-S.08.01.h</p> | <p>Insurers have to fulfil two different reporting obligations with respect to derivatives, which are due to EMIR and Solvency II. EMIR requires daily transaction data reporting whereas Solvency II asks for quarterly and/or annual information on stock positions. Since both reporting obligation contain almost similar information but have to be provided in a different format, it would be beneficial in the medium term if Solvency II-data could directly be derived from EMIR- transaction data.</p> | |
| <p>Technical Annex A - AS-D3-S.09.01.h</p> | <p>Solvency II regulations are devised to monitor solvency positions. All regulations in the directive and in the delegated acts are about positions, not flows or performance. We understand that for supervisory purposes, some information on flows is helpful. To enable the reporting of performance information under Solvency II, EIOPA will have to use existing standards, or devise its own standards.</p> <p>The template and standards EIOPA proposes for the reporting of investment income/gains and losses is not in line with industry standards (or GAAP P&L standards) for investment asset performance reporting. EIOPA does not explain the supervisory purpose this deviation serves.</p> <p>Investment asset performance measurement is a key component of the insurance industry activities. Investment asset performance measurement and reporting is developed extensively by the industry. The principles EIOPA uses for investment performance reporting deviate from the industry practice, without explanation of the supervisory purposes that this serves.</p> <p>Also, the EIOPA standards contain errors. All previous three versions of this specific template contained errors, and in the current consultation version, this has not been repaired (changed but not repaired).</p> | |

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We propose to report investment performance on an accrual basis, instead of the principles EIOPA formulates. EIOPA performance reports will be used as and when EIOPA reveals the purpose of the deviation and issues a set of standards without errors, in line with the stated purpose.

Furthermore, this template elicits the following comments:

- EIOPA should clarify whether this template should be completed on a year to date basis or in a discrete manner
- Cell C0100 - Net gains and losses: Definition of gains and losses as per LOG guidance is;

"The gains and losses are calculated as the difference between selling or maturity value and the value according to article 75 of Directive 2009/138/EC at the end of the prior reporting year end (or, in case of assets acquired during the reporting period, the acquisition value)."

This is not in line with the net gains and losses calculation under IFRS and hence, additional effort is required to acquire this information. We ask EIOPA to align net gains and losses calculation with under IFRS to achieve consistency. We believe that the different definition introduces significant complexity into the process and question its real value given that unrealised gains are now also being reported

- C0100 and C0110: EIOPA must clarify whether loss amounts should be filled out in negative or whether the formula accounts for the signs.
- C0070 and C0080 Dividends and interest. Should the amounts disclosed for dividends and interest be shown gross or net of tax?
- Definitions need to be improved - ought to refer to income "receivable" during the year; or income "received and accrued at the period end, less amounts accrued during the previous period."
- There are errors in the current version of the templates:
 - The LOG file still partially refers to cash based reporting.
 - Dividend/Interest/Rent received instead of earned (this includes purchased dividend/interest/rent)
 - LOG refers to accruals at the end of the reporting period instead of "Accrual accounting"
 - (unnecessary) Gains and losses are split in realized and unrealized. This distinction cannot be related to supervisory purposes as all assets are valued

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| | <p>according to article 75 of directive 2009/138/EC (market value), where the distinction between the two is only relevant for illiquid investments.</p> <p>All previous three versions of this template have contained errors of this type and magnitude. We do not see the merit in investing in reports that provide no relevant performance information at all.</p> | |
| Technical Annex A - ASD5-S.10.01.h | <p>Following analysis of the updated LOGs and templates, the following questions arise:</p> <ul style="list-style-type: none"> In A8 (C0100) "Collateral type", does "the most significant category" mean the category with the largest weight in the collateral pool? What if collateral is 50% cash and 50% government bonds? <p>In A6 (C0120) "position in the contract", does "amount" refer to the market value of the asset? (e.g. in the case of a buyer in the repo the buyer receives an asset in exchange for cash so amount should actually reflect the market value of the asset that the buyer receives)</p> <ul style="list-style-type: none"> Does "inception of the contract" or "start date" mean trade or settlement date? It is not clear whether this quarterly template should be completed on a discrete quarter or year-to-date basis like template S.05. Could EIOPA please clarify as there is no guidance on this? <p>As stated in the regulations, this template is to contain an "item-by-item list of securities lending transactions and repurchase agreements/contracts" that existed during the reporting period. The QRT however does not contain any attributes that would identify an individual transaction/agreement/contract (or security), such as an ID Code. Consequently, where loans/repo's within Ring Fenced Funds are the same type (Asset Category), are made to the same Counterparty and have the same start dates, durations etc., should these positions be aggregated?</p> | |
| Technical Annex A - OFB1Q-S.23.01.h | <p>The fact to require a reconciliation of differences between accounting valuation and valuation according to article 75 of Directive 2009/138/EC is a bit odd and goes beyond the existing legislation. Indeed, Solvency II and accounting valuations are not aimed to lead to identic balance sheet amounts. Therefore this part of the sentence should be removed.</p> <p>R0240: We disagree with the fact that it is implied that participations in "other financial undertakings, including non-regulated undertakings carrying out financial activities" should always be deducted from own funds at group level, whereas this is normally part of the application of both method 1 and method 2 and it should not be performed twice.</p> | |

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Following Article 228 of the Directive, the deduction of a participation should only happen on a case-by-case basis, following a decision of the group supervisor. Another example of potential deduction is found in Article 229 where in case of non-availability of the relevant information for a related undertaking, the eligible own funds of the group have to be adjusted for the value of the participation in that related undertaking.

Since those cases are well defined and limited, this has to be made clearer in the template and the LOG as well as in the naming of the reconciliation reserve: deductions happening to the reconciliation reserve at group level are only limited cases whereas they seem to be systematic with such naming.

The description of A54A is confusing. We believe that reference should be made to group consolidated SCR instead of Group SCR in order to align the wording with the Delegated Act.

R0220/C0020 is described in the LOG but we believe this inclusion might be a mistake since the own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds should be considered as a whole and not with regards to Tier 1 unrestricted own funds in particular. This mistake did not exist in the previous versions of QRTs.

Lastly, we list below some typos and errors we have detected, but please note we do not believe this list to be necessarily exhaustive:

- References to cells A12 and B12 should be replaced by A12A and B12A.
- For cell B603 'tier 1 restricted' should be replaced by 'tier 1 unrestricted' in the right side column.
- For cells A605 to E605 the description is the same for all cells, whereas we believe it should be differentiated.
- References to cells A20 to D20 in the LOG should be corrected to A21 to D21 in order to be consistent with the template
- Cell R0450/C0030 (C45D) is meant to be used for 'Tier 1 – unrestricted' as per the LOG, while this should be 'Tier 1 – restricted' since Tier 1 unrestricted is already reported in R0450/C0020 (both middle and right columns of the LOG).
- In the LOG of R0570/C0020 (B51A), in the centre column, it should be written "Tier 1 unrestricted".
- In the LOG for cell R0570/C0030 (C51A) states 'tier 1 unrestricted' this should be 'tier 1 restricted' (right side column).

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| | <ul style="list-style-type: none"> Reference is made to cell B29 in the LOG instead of B29A (in the template itself). <p>We wonder why there is a specific focus made on subordinated liabilities whereas no precision is brought on that in the Guidelines and we see no reason to have this specific focus since in any case subordinated liabilities are reported as part of the more detailed templates on own funds both at individual and group level.</p> | |
| Technical Annex A S.25.04.h | <p>The industry still supports an SCR calculation on an annual basis. The calculation of cash flows on a more than annual frequency would be very burdensome and time consuming. Furthermore, the calculation of a group SCR on a quarterly basis requires the ultimate participating undertaking not only to collect consolidated data from all related undertakings of the group on a quarterly basis. It also requires all related undertakings of the group to calculate a solo SCR and a solo MCR on a quarterly basis. The reason for that is that those data are required for group solvency calculations (i. e. to calculate the group SCR based on consolidated accounts, the contribution of non-available own funds or the group SCR floor).</p> | |
| Technical Annex A - Re- J3-S.31.01.h | <p>The following questions and comments arise:</p> <ul style="list-style-type: none"> C0190 Country of residency: the log remains silent as to what country should be indicated for branches – is it the country of the branch or is it the country of the subsidiary the branch is attached to? Information on reinsurers are broken out of the main table into a separate table (C0150-C0240), however in the main table only the code of reinsurer (C0040) is included connecting to C0150, but since this code is not guaranteed to be unique the type of code has to be included in the code but it is missing in the main table. The setup is correct in same report regarding Collateral provider (C0120&C0130) C0230: According to the LOG file the new requirement "Credit quality step" might only be required for the standard formula calculation ("Identify the credit quality step attributed to the reinsurer. The credit quality step shall reflect any readjustments to the credit quality made internally by the undertakings that use the standard formula."). However, we have noted that EIOPA's document on main changes refers to both standard formula users and internal model users. As such, we would request that EIOPA clarifies its intention and the situation within which this will apply. | |

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| | <ul style="list-style-type: none"> Note should be taken that, the log on 31.01 does not provide information regarding cells C0010, C0020 and C0030. This should be amended. | |
| 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 | <p>There are inconsistencies in the LOGs and between QRTs and LOGs:</p> <p>Cell C0010/R0080 is labelled as:</p> <p>S.01.02.i (Financial Stability templates) = Language of reporting</p> <p>Whereas the equivalent LOG files state "Reporting submission date" for the Financial Stability templates.</p> | |
| Technical Annex A - TP-F3-S.14.01.i | | |
| Technical Annex A - Re-J2_basic-S.30.03.i | <p>The following questions and comments arise:</p> <p>C0070 Line of business: As the market use sometimes reinsurance treaties to cover more than one year where the price conditions are fixed upfront for the period, it might be beneficial to have another choice in the selection labelled "multiyear" documented in the log to cover this possibility.</p> | |
| Technical Annex A - Re-J2_shares-S.30.04.i | | |
| Technical Annex A | Although the calculation of the duration is not complicated, the information may not be | |

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| Duration L-S_38.01.i | available in database therefore undertakings would need to either modify their database of encode this information manually, both solution increasing implementation costs | |
| 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 | | |
| Technical Annex B S_38_01_d_i_LOG | | |
| 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 | | |

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| S_31_01_c_h_LOG | | |
| Technical Annex B S_41_01_c_h_LOG | | |
| 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 | | |
| 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 | | |