

Comments Template on EIOPA-CP-14-045 Draft proposal for Guidelines on reporting for financial stability purposes		Deadline 02.Mar.2015 23:59 CET
Company name:	Actuarial Association of Europe (AAE)	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>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.</p>	Public
<p>Please follow the instructions for filling in the template:</p> <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	<p>We agree the need for additional reporting for financial stability purposes, and understand that additional information may be required from companies that pose greater systematic risk to the economy. However, we consider that the deadlines for financial stability reporting are unnecessarily short considering the amount and nature of information required. This is because:</p> <p>It is proposed that the templates required for FS purposes will have more approximations applied than the equivalent templates for regular reporting. Therefore, a more accurate version of the same</p>	

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information will need to be produced by insurers a few weeks later for submission to EIOPA. 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.

While we note that the information required to be filled in FS templates is more abridged than the equivalent templates for regular reporting QRTs; the same background calculation process and data gathering exercise would generally be required to complete the FS templates. For example, to report the overall SCR calculation, undertakings will still need to calculate or approximate their SCR for all risk modules, and perform aggregation. This means that the effort required to complete the FS templates is not significantly less than the information required for regular reporting for several templates.

We also note that there appears to be no intention to differentiate in the timing of information required for annual and quarterly submissions for financial stability purposes. (Although note our comment in relation to guideline 19.) This is not consistent with the submission deadlines for regular QRTs where the deadlines for submitting the annual information are longer than the deadlines for submitting the quarterly information. We believe different reporting timelines are needed for annual and quarterly information because:

Additional QRTs are required to be completed on an annual basis so the amount of information required annually is more than the amount required for quarterly submissions

EIOPA guidelines on the calculation of technical provisions published on 19 January provide for greater use of approximations in the calculation of quarterly technical provisions. This may allow for the faster production of the results required to populate a number of the financial stability QRTs.

The information required by groups for financial stability reporting will rely on its subsidiaries being able to provide the relevant information to the parent for consolidation in the Group QRTs. The additional burden of financial stability reporting to subsidiaries that are not identified for FS reporting in their jurisdiction, but their parent has been identified for FS reporting in a different country may not be proportionate to the systematic risk they pose to the economy.

Introduction

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Guideline 1	This comment also relates to guideline 2, 1.15 (c). 1.14 notes that where an individual insurance company belongs to a group which is required to report for financial stability purposes, that the firm does not have to report individually. We would question how this requirement interacts with the country coverage provision in 1.15 (c). Where a large insurer in country (a) reports as part of a group with headquarters in country (b), does the group participation contribute to the national market coverage? If not, do regulators intend to (1) request the firm to produce a solo return or (2) extend the scope of the financial stability reporting to smaller firms who would not otherwise be in scope.	
Guideline 2		
Guideline 3		
Guideline 4		
Guideline 5		
Guideline 6	In relation to “ a reasonable time“, we would suggest that at least six months notice should be given to firms for inclusion in the scope of financial stability reporting.	
Guideline 7		
Guideline 8		
Guideline 9		
Guideline 10		
Guideline 11		
Guideline 12		
Guideline 13		
Guideline 14		
Guideline 15	Article 35 of the consolidated Solvency II/Omnibus II directive outlines that some exemptions may apply to quarterly reporting for smaller undertakings. Sections 3.1 to 3.3 of the document called “Navigating through the Solvency II reporting and disclosure package for templates” cites templates S.06.02, S.08.01, S.08.02 and S.06.03 as templates that will have quarterly exemptions. Where exemptions apply to smaller solo undertakings in respect of preparing these templates for regular	

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	quarterly reporting, do they still need to prepare this information for Group consolidation if the Group has to prepare the financial stability templates? If so, it may be very challenging to produce this information for Group financial stability reporting within the required deadlines.	
Guideline 16		
Guideline 17		
Guideline 18	Similarly to our comment on guideline 15, do all reporting exemptions that apply to the main QRTs also apply to financial stability reporting? We accept that this issue may not arise in practice as smaller firms are unlikely to be in scope for solo financial stability reporting.	
Guideline 19	It appears to be the intention of paragraph 1.55 that in relation to 31/12 reporting, both quarterly and annual forms would be submitted within 9 weeks initially, reducing to 6 weeks from 2019. However, a strict interpretation of the reference to article 35 would imply that quarterly reporting would be required initially after 9 weeks (8 + 1) and annual reporting after 15 weeks (14+1). EIOPAs intention should be clarified. The reporting timelines in paragraph 1.56 are inconsistent with Article 308b (7) of the consolidated Directive. The Directive allows eight weeks for quarterly reporting related to any quarter ending on or after 1 January 2016 but before 1 January 2017. This means that reporting in relation to 31/12/2016 is not required for eight weeks. However, as this information would not be submitted in 2016, the wording of 1.56 would require financial stability reporting on the same date as the solo quarterly return rather than one week later. We assume this is an inadvertent error that should be corrected.	
Guideline 20	Does the requirement to submit information electronically mean that XBRL tagging is mandatory?	
Guideline 21		
Guideline 22		
Guideline 23		
Annex 1: IA Section 1		
Annex 1: IA		

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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		
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	Template S.25.04.c is incorrectly titled (in the Excel file) as S.25.04.h – this is the SCR quarterly individual template.	
Technical Annex A - Re- J3-S.31.01.c		
Technical Annex A - P&L- S.39.01.c		

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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		
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		
Technical Annex A - AS-D4-S.06.03.h		

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Technical Annex A - AS-D20-S.08.01.h		
Technical Annex A - AS-D3-S.09.01.h		
Technical Annex A - AS-D5-S.10.01.h		
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		
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		

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Technical Annex A - PL sharing-S.40.01.i		
Technical Annex B - S_01_01_h_i_LOG	For a number of forms (e.g. for C0010/R0820 and C0010/R0830), they would not be completed as an insurer does not write life insurance business. This should be an allowable option.	
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	From EIOPA's feedback on previous consultations, we understand that the intention of asking for this information is to allow the regulators to measure interest rate risk. Therefore, products that carry negligible or no interest rate risk, such as unit linked products without investment guarantees, should be excluded in order not to distort the information.	
Technical Annex B - S_40_01_d_i_LOG	Should the information in this form be split by Ring Fenced Fund? For a firm with a small proportion of with profit business, showing the figures at an overall level could give a figure close to zero even though there may be a material allocation of profit to the policyholders within the ring fenced fund.	
Technical Annex B - S_39_01_c_h_LOG	Many firms currently only produce local statutory results on an annual basis. (This is particularly the case for subsidiaries where more frequent results are required to be produced on the basis of another jurisdiction.) Therefore we would suggest either (a) this form only be required annually or (b) it should be possible to provide a profit & loss figure on a regulatory basis.	
Technical Annex B - S_06_03_c_h_LOG	The S.06.03h LOG file specifically refers to a threshold for completing this template. This threshold is measured as the ratio between item C0010/R0180 of S.02.01 plus collective investments undertakings included in item C0010/R0220 of S.02.01 plus collective investments undertakings included in item C0010/R0090 and the sum of item C0010/R0070 and C0010/RC0220 of S.02.01. However, these references cells do not exist in the S.02.01 financial stability version of the	

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	template. It might be clearer if the LOG file referred back to the S.02.01e/j templates instead. Also the LOG file only refers to Groups when it discusses this threshold but presumably the threshold also applies to solo undertakings?	
Technical Annex B - S_09_01_c_h_LOG	The additional workload in producing this form quarterly is substantial.	
Technical Annex B - S_10_01_c_h_LOG	The additional workload in producing this form quarterly is substantial.	
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	Should all policies be included in the number of life contracts at the beginning of the period, even those where surrenders are not possible e.g. annuities?	
Technical Annex B - S_02_01_h_LOG	Is it deliberate than liabilities other than technical provisions are not to be reported? Can it be confirmed that reinsurance assets should be included in the total assets figure?	
Technical Annex B - S_05_01_h_LOG	For life insurers, the provision for the change in claims incurred but not reported (IBNR) forms part of the technical provisions. As such, can it be confirmed that this should not be included in cells C0010 to C0160 / R0400?	
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	For a number of forms (e.g. for C0010/R0820 and C0010/R0830), they would not be completed as an insurer does not write life insurance business. This should be an allowable option.	
Technical Annex B - S_01_02_c_d_LOG		

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Technical Annex C