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# EIOPA consultation on 2<sup>nd</sup> set of ITS and GL

Input pillar 3 issues – to be  
discussed at IRSG Meeting

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- **Solvency II reporting & disclosure requirements – Pillar 3 overview**
- **Former consultations on pillar 3 issues**
- **Overview over current consultation papers with pillar 3 content**
- **General comments on current pillar 3 consultation papers**
- **CP-14/052 ITS on the templates for the submission of information to the supervisory authorities**
- **CP-14/047 GL on reporting and public disclosure**
- **CP-14/045 GL on reporting for financial stability purposes**
- **CP-14/044 GL on methods for determining market share for reporting**
- **CP-14/048 GL on supervision of branches of third-country undertakings**

## Annual reporting & disclosure

- **Solvency and Financial Condition Report to public (SFCR)**
- **Regular Supervisory Report to the supervisor (RSR)**
- **Quantitative reporting templates (QRT):  
Solo and Group, 80 to be reported to the supervisor, 22 to be disclosed to the public**
- **Reporting deadlines:  
20 weeks (2016) to 14 weeks (from 2019 onwards);  
for groups +6 weeks**

## Quarterly reporting

- **12 of the QRTs (for groups only 9),**
- **Reporting deadlines:  
8 weeks (2016) to 5 weeks (from Q1/2019 onwards);  
for groups +6 weeks**

## Financial stability reporting

- To the supervisor only
- QRTs (14 solo, 19 group)
- Reporting deadline:  
9 weeks (2016) to 6 weeks (from Q1/2019) (identical for solo and group)

## ORSA-report

- To the supervisor only
- At least annually, but not necessarily year-end
- Reporting deadline:  
2 weeks after finishing the ORSA

## Overview over former consultations

- **Public consultations in 2011 on**
  - reporting and disclosure, and
  - financial stability reporting
- **IRSG provided its opinion in early 2012**
- **Outcome out of both consultations: EIOPA Final Report in 2012**
  - EIOPA responded on all comments of IRSG but did not follow all IRSG suggestions
  - 3 issues on which IRSG commented in 2011 are referred to again by IRSG members now

## Overview over current consultation papers with pillar 3 content

- EIOPA-CP-14/055: Consultation paper on the proposal for draft **ITS** on the **procedures, formats and templates of the SFCR**
- EIOPA-CP-14/052: Consultation paper on the proposal for draft **ITS** on the **templates for the submission of information to the supervisory authorities**
- EIOPA-CP-14/047: Consultation paper on the draft proposal for **GLs** on **reporting and public disclosure**
- EIOPA-CP-14/045: Consultation paper on draft proposal for **GLs** on **reporting for financial stability purposes**
- EIOPA-CP 14/044: **GL** on methods for determining **market share for reporting**
- EIOPA-CP 14/048: **GL** on supervision of **branches of third-country undertakings**
- EIOPA-CP 14/050: **GL** on **exchange of information on a systematic basis within colleges**

- **Extent of the requirements is still quite extensive, leading to continuously high costs; changes introduced in the latest version of the QRTs will have a significant impact on implementation given that additional data are requested**

**Draft opinion: Reduce the volume of information required; reduce changes**

- **In some cases ITS and GL supplement level 2 rules, where these are incomplete  
Example: Art. 301 Level 2 determines „means of disclosure“ for solo report. CP 55, Art. 10, 11 determine the same for group and single report**

**Draft opinion: Clarify that this completes or supplements level 2 standard by reference to relevant level 2 regulation**

- **ITS and GLs must not extend the level 2 requirements but provide details on them;**  
**Examples:**
  - Level 2 guidance (Art. 298 of Delegated Regulation) enables undertakings to disclose and report any information considered to be important and supervisors are empowered to require any other information.  
CP 47, GL 30, 34, 36 and 38 specify reporting on „any other information“ (of structure of SFCR/RSR, Annex XX Delegated Regulation). This goes beyond Level 2.
  - Level 1 requires insurers to have appropriate systems and structures in place to fulfill the reporting as well as a written policy, approved by the administrative, management or supervisory body of the insurance or reinsurance undertaking, ensuring the ongoing appropriateness of the information submitted.  
CP 47, GL 47 require approval of the QRTs, which arguably goes beyond level 1.

### **Draft opinion: Delete the respective GLs**



# CP-14/052 ITS on the templates for the submission of information to the supervisory authorities (1/2)

- **Art. 7** – „Simplifications allowed on quarterly reporting for individual undertakings“ refers the application of the proportionality principle to balance sheet information and technical provisions

**Draft opinion:** Art. should be deleted since the proportionality principle applies to Solvency II in general\*

- **QRT S.05.01** and LOG.docs on premiums, claims and expenses by line of business:
  - a) Local GAAP valuation should be used, and
  - b) Template shall be structured using an accounting perspective

**Draft opinion:**

a) It should also be allowed to use IFRS instead of local GAAP (also applies to QRT to be disclosed).

b) It should also be allowed to use a perspective used in the business controlling and decision making of the company instead of an accounting perspective (as well in S. 29.01f. “Variation Analysis”)\*.

\*In 2011 the IRSG commented on the issues

# CP-14/052 ITS on the templates for the submission of information to the supervisory authorities (2/2)

- **QRT S.14.01 “life obligation analysis”**: Reinsurance is in the scope. This of little importance in reinsurance and was scoped out earlier.

**Draft opinion**: Revert to earlier decision.

- **QRTs S.08.01/02 on Derivatives** are inconsistent with EMIR reporting requirements.

**Draft opinion**: Align definitions and requirements.

### **GL 32 on “Technical Provisions” requires detailed information on technical provisions:**

- **GL requires detailed information on contract boundaries, key options and guarantees and homogeneous risk groups. For reporting and disclosure at group level the burden of providing information is out of proportion in view of the benefit.  
Draft opinion: Limit the requirement to Solo-Reporting only.**
- **GL does not require to report durations of technical provisions and assets so far.  
Draft opinion: Insert requirement to provide information on duration of technical provisions; consider corresponding information on assets.**

**GL 19 on „Submission deadlines“: Reporting deadlines for financial stability reporting is significantly shorter in the transition period than for regular reporting to supervisors. The different reporting deadlines cause additional workload for the reporting entities.**

**Draft opinion: GL should be amended by introducing identical deadlines.\***

\*Already commented on by IRSG in 2011, that the package published with the final report represents a balanced approach between supervisory burden and the needs of supervisory authorities

## GL 5: Undertakings that pursue both life and non-life

**Should one require reporting about the part of the business (life or non-life) that falls below the 20% threshold (which allows for an exemption) if the other part of the business (life or non-life) exceeds the 20% threshold?**

### Further questions

- **How will the supervisory authorities apply proportionality?**
- **Advance warning of companies by the supervisory authority about granting or cancelling the exemption of quarterly reporting?**
- **Should there be a transitional regime for implementing the reporting process when the exemption of the quarterly reporting ceases to apply?**

- **How will proportionality be applied?**
- **Are we not overly prescriptive (annual and quarterly reporting, approval of key persons, localization of assets) with the risk of retaliation by third countries for branches of EU undertakings?**
- **Should the same requirements be applied if the third country's solvency regime is considered equivalent (Article 260 Solvency II Framework Directive)?**



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# Thank you!

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