

To: Solvency II Working Group
From: ECOFIN Team

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Subject: 10 November ECB-EIOPA reporting meeting - highlights

Comments

Members will find below highlights from the ECB-EIOPA roundtable on data quality, disclosure and future of reporting requirements. The meeting was attended by representatives from the ECB, EIOPA, a range of Central Banks and NSAs, and a few industry representatives from Insurance Europe, AMICE, CFO/CRO fora.

A range of presentations were given at the meeting, and a compilation can be found [here](#).

Summary

Data quality

- The ECB gave a presentation explaining the data flow process which is followed for data to be submitted to the ECB by each NCB, the scope of the related data content, and the issues it faces regarding the data quality. The following information was found to stand out:
 - The ECB only receives national aggregates; no individual company data is provided to the ECB.
 - The data received is on a quarterly and annual basis.
 - The most important QRTs for the ECB in its work are List of assets (S.06.02) and balance sheet (S.02.01).
 - The main data quality issues can be summarised in two categories: (1) lack of completeness and (2) accuracy.
- EIOPA gave a presentation focusing on the way it deals with data quality checks and highlighted that it faces similar data quality challenges to those faced by the ECB.
 - The validation rules embedded in the taxonomy reporting package ensure the first set of checks.
 - Additional checks are then performed by each NCA.
 - The Q&A process helps a lot in detecting errors and improving the data quality.
 - There seems to be a lot of resubmission activities in many countries which cut across all the QRTs.
 - Countries' resubmission policies are not consistent.
 - One of the most difficult issue to tackle is the reporting of negative values. EIOPA tried to make the logs clearer in the latest ITS reporting consultation.
 - EIOPA stressed the importance of companies using the LEI code whenever available, which is currently not the case.
- The Central Bank of Ireland (CBI) also gave a presentation focusing on the use of data and the way it deals with data quality checks. The details can be found in the CBI presentation but the following points are deemed noteworthy:
 - The information from the QRTs feeds not only EIOPA and the ECB, but also the CBI Central statistics office and as such, high quality of time series for statistical purpose is deemed crucial.
 - The CBI outlined some examples of the validity checks that it performs on the assets such as the ISIN checks or the double reporting of home country.
 - The CBI confirmed the challenges of current deadlines, noting that it allows for 10 days for data checks/data resubmission between submission of data by companies to CBI and submission of data by CBI to ECB, which is often very challenging.

- The industry enquired whether the data quality issue is widespread and how material it is, and asked whether EIOPA could share the specific checks it runs on data quality so that companies can enrich their own processes.
 - CBI and the Bundesbank confirmed that these issues are material and are stemming from insurers of all sizes in their markets.
- The industry acknowledged the data quality issues and noted that these should reduce as Solvency II goes by and companies improve their processes. However, the industry stressed that the ambitious Solvency II reporting timeline and its reduction year after year was putting a strain on the data quality which should be recognized.
- The industry also pointed out that, despite the existence within the Solvency II Directive of a proportionality framework providing for limitations and exemptions regarding reporting, member states did not really implement proportionality. This has a resulting effect that companies must report a great deal of information within very ambitious timelines, which impacts the data quality.

Disclosure

- EIOPA and the ECB provided more insight into the kind of information they are currently disclosing and will be disclosing in the future. The details can be found in the ECB and EIOPA presentations, but the following points are worth noting:
 - EIOPA clarified that the disclosure of their statistics is targeting the general public. This is why it is always accompanied by an explanatory note.
 - EIOPA remarked that its statistics are the most up to date and comprehensive data publicly available on Insurance statistics.
 - EIOPA will extend the current amount of information disclosed with the end goal to mimic all the QRTs in aggregated format where it makes sense.
 - When necessary, EIOPA updates historical series each time it publishes new data; EIOPA keeps however the original submission in its database.
 - EIOPA mentioned that the old information from Solvency I was still available on its website if needed.
 - EIOPA ensures confidentiality by allowing aggregate national disclosure only where there are at least 3 undertakings that had submitted their reporting.
 - The ECB clarified that it uses a stepwise approach in its statistics disclosure, which means that the higher data quality the more it discloses.
 - The ECB insists on data quality and therefore does not disclose any annual figures yet; Annual publication will wait until there is significant improvement on the data quality.
 - Although they are both based on Solvency II QRTs, the disclosed ECB and EIOPA statistics could differ due for example to the fact that both institutions apply a different methodological approach; this is especially the case for balance sheet information.
- The industry insisted that EIOPA should ensure that the general public and analysts have an understanding of the concepts of Solvency II.
 - EIOPA responded that they have already done some educational events on SII in Paris and London aimed at educating stakeholders on the concepts and complexity of Solvency II and will continue organising such events.

Future of reporting requirements

- By the end of this year, the ECB wants to start looking into three requirements that are subject to reassessment in its insurance corporation statistics regulation: (1) market coverage, (2) "Home" versus "host" approach with regards to branches reporting (3) reducing the reporting timelines from 5 weeks to 4 weeks.
- The industry highlighted the need for proportionality and indicated concerns on any ECB attempt to increase coverage beyond the EIOPA level, as well as concerns on stricter deadlines. The ECB responded that it is aware of such concerns and will take them into consideration when deciding on next steps in its work.