

To: Solvency II Working Group  
From: ECOFIN Team

Date: 13-04-2018  
Reference: ECO-SLV-18-080

Subject: 12 April EIOPA public event on reporting and disclosure - highlights

## Summary

On 12 April the secretariat attended the EIOPA public event on reporting and disclosure. During the meeting the following topics were discussed:

- The current consultation on corrections and amendments of the implementing technical standards on reporting and disclosure.
- Stakeholders' input received regarding the call for input (February).
- Updated explanatory notes on variation analysis.
- Next steps regarding reporting.

Following the event, members will find attached the slides used by EIOPA for its presentations on:

- Overview and background on current consultation ([ECO-SLV-18-081](#)),
- Stakeholders' input on call for input of February 2018 ([ECO-SLV-18-082](#))
- Update explanatory notes on variation analysis ([ECO-SLV-18-083](#))

Members will find in addition below the highlights from the event.

## Highlights

### General update on consultation

- EIOPA provided an overview and more detailed background regarding the consultation package.
- The secretariat highlighted Insurance Europe's concerns on the current consultation, in particular regarding reporting of real estate held as collateral of the mortgages related to individuals and the unsolved issue regarding the closed list for reporting on the nominated ECAI.
- To the secretariat's remark that the timing for the consultation is challenging, EIOPA responded that this could be taken into account when discussing possible new timelines for the issue of the new taxonomy.
- **Look-through:** The secretariat reiterated its concerns on the amendments which do not lead to the intended reliefs and the fact that unit linked/index linked assets should be exempted from the look-through requirement.

EIOPA stated it does not intend to exclude unit/index linked assets from look-through.

EIOPA highlighted it believes that look-through - as it is currently reflected in the ITS - is functioning as intended. On the remark that the 90 % is only applicable for the identification of countries, EIOPA noted that undertakings are expected to set their own - undertaking specific - threshold for asset categories. For currency EIOPA believes a pre-set or undertaking specific threshold is not appropriate, as the reporting templates only require a split in reporting and non-reporting currency, which EIOPA believes not to be burdensome.

Furthermore, EIOPA asked to be informed of any case of a supervisor misinterpreting the ITS provisions on look-through. To date EIOPA is not aware of any cases.

- **Issue rating:** The secretariat asked for clarification on what is exactly meant by "issue rating" in the instruction of S.06.02 C0320. EIOPA noted that this

amendment's only purpose was to distinguish between issue rating from issuer rating. The issue rating is the reporting date, as stated in the instructions. EIOPA indicated it would welcome a proposal for more appropriate wording in the response to the current consultation.

#### **Feedback on stakeholders' input on call for input of February 2018**

- EIOPA provided feedback on stakeholder's input received in February on the call for input to inform the future release of the 2.3.0. XBRL taxonomy (see [ECO-SLV-18-031](#)).
- EIOPA indicated further comments can be submitted in the response to the current consultation.
- **S.03.01 - Collateral pledged:** only off-balance sheet items are to be reported. If undertakings do not have off-balance sheet items, the template should remain empty.
- **Inconsistencies regarding S.04.01 and S.04.02/ S.12.02 and S.17.02:** EIOPA noted these templates are correct and there is a rationale behind these 'inconsistencies'. EIOPA added that it makes more sense to perform analysis from a technical perspective if reinsurance business is not included. For example, for S04.02 frequency and average cost of claims, it would not make sense to have this analysis with reinsurance accepted included.
- **ECAI:**
  - EIOPA noted the closed list reflects Solvency II requirements, and if an ECAI is not in the list, it cannot be used for Solvency II purposes. Regarding endorsing ratings, a company from the same group which is certified by ESMA can endorse the rating of a different company, which is not certified. EIOPA's response will also be reflected in the Q&A.
  - EIOPA indicated an undertaking needs to know who is attributing the rating, and this information should be part of the contracts of the insurance undertaking with the asset managers and/or credit rating agencies that are providing the ratings. An undertaking cannot just use the parent rating and then apply the mapping of the parent, as this is not fully in line with the spirit of the directive.
  - 'Other' in the closed list: this item should only be selected for an ECAI already approved by ESMA, but not yet reflected in the taxonomy.
- **S.14.01:** proposal to exclude annuities, as it does not add a lot of information. EIOPA indicated the information is used in the supervisory process. EIOPA mentioned it will discuss the remark regarding financial stability further internally.
- **S.19.01.01 – Non-life Insurance Claims Information** – EIOPA remarked that columns C0560, C1160 and C1760 were part of the initial templates. However, it was not clear if the amounts to be reported were discounted or undiscounted. EIOPA explained that following inconsistencies identified, they aligned instructions, title of the columns and data point modelling to clarify that these columns address discounted amounts. EIOPA indicated simplifications in this area can be accepted, if the impact is not material. EIOPA noted it is willing to discuss this issue in the future.
- **LEI Code**
  - EIOPA notes that having the name next to the LEI code is used for quality checking, and to improve data quality. EIOPA indicated it is open to discuss this in the future.
  - Regarding the reasons why the EIOPA guidelines require LEIs for all entities in the group. EIOPA highlighted the importance of standardisation, and unique identifiers, and EIOPA wants to further promote the use of the LEI code.

#### **Feedback on explanatory notes**

- EIOPA published an updated version [here](#)
- EIOPA indicated further comments can be submitted to EIOPA.
- The main changes to the document were explained and can be found in the presentation.
- The consultation package already includes the amendments from the variation analysis template.
- Amendments discussed now will be implemented by Q4 2018, when the taxonomy is due. Regarding end of 2017 reporting a best effort approach is expected, as EIOPA noted it is aware that the publication of the explanatory notes was at a late stage, and amendments will only be implemented in 2018.

**Next steps**

- Consultation:
  - The consultation closes 11 May.
  - Public working draft for the taxonomy is due 1 June.
  - EIOPA will publish the final taxonomy by 15 July.
  - End of June/beginning of July – submission of the draft amendments of the ITS to the Commission, in order to be endorsed and to be applied for Q4 2018.
- Plans from EIOPA:
  - EIOPA will announce a plan in Q3 2018, which will include an open session with industry. During this meeting stakeholders will be invited to provide input regarding the level of amendments needed and the main concerns from the industry.
  - EIOPA expects stakeholders to reflect on their expectations regarding the next review, whether only necessary amendments should be made or whether a more thorough review would be preferred. Also, stakeholders are expected to suggest what they think the focus should be, for example proportionality, ratings, variation analysis.