

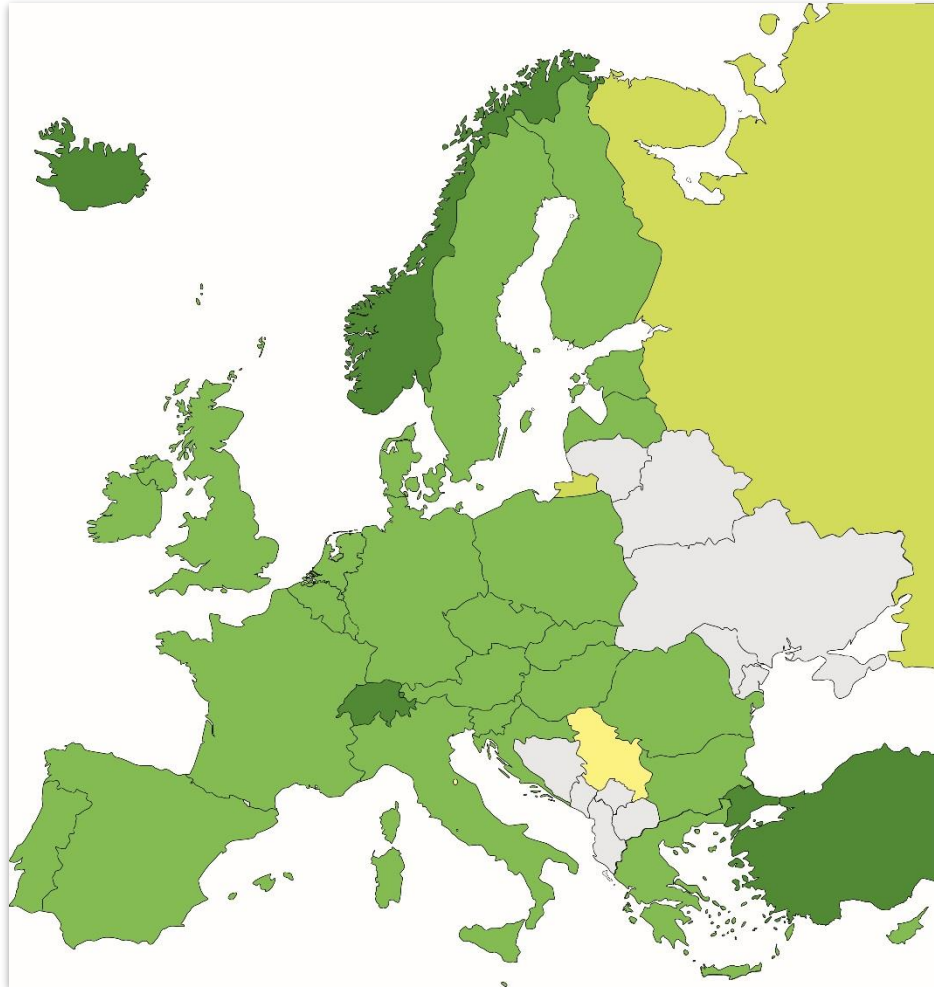


Insurance Europe comments – fitness check on supervisory reporting

**EC Industry workshop
19 November 2018**



Insurance Europe



35 national associations

■ 27 EU member states

■ 5 non-EU markets

*Switzerland, Iceland, Norway,
Turkey, Liechtenstein*

■ 2 associate members

Serbia, San Marino

■ 1 partner

Russia

All types of insurers

- Life, Non-Life, Reinsurers
- Shareholder, Mutual
- Large, Small

95% of market

- by premium income

Fitness Check - A very welcome initiative

- The industry recognises the need for, and the value of, high quality and consistent supervisory reporting
- However, current requirements are excessive and steps can, and need to, be taken to reduce costs and improve efficiency
- The Commission's ambition to use the Fitness Check to ensure effectiveness, consistency and coherence, efficiency and added value is therefore very welcome
- This presentation includes input from our members that we have provided to the Commission's Fitness Check consultation on overall supervisory reporting and input recently provided to EIOPA on Solvency II reporting

General comments

- When assessing existing reporting it is important to consider:
 - Duplications, whether the information is actually being used, whether greater use of data used by internal management
 - Whether public reporting (SFCR) is suitable and actually being used
 - Cost-benefit analysis (even any change including even improvements)
- Ad hoc EIOPA data requests can result in significant costs and diversion of resources and should also be considered
 - Can be related to EC requests for advice but are also at EIOPA's own initiative
 - Often given at short notice and with short deadlines – and often require information not part of standard internal or external reporting
- The Commission should consider how any new reporting requirements are designed and implemented to ensure efficiency from the outset
 - e.g. In addition to cost/benefit analysis, formal requirements for checks and avoidance of duplication/overlap
- Proportionality is not working in practice – addressing this is key
- Introduce deadlines for NSA responses – after which undertakings should have the certainty that no further NSA comments will follow

Areas for improvement - Solvency II

- **A three-year RSR is often sufficient**
 - This existing option at NSA discretion should be allowed more often
 - Should the requirement for an annual RSR be maintained, a statement — declaring that there have not been material changes — should be sufficient
- **The option to submit a single group report should also be available for the RSR.**
 - Currently, the submission of a single group report is only possible for ORSA (SII Dir Art 246(4)) and SFCR (DA Art 365 to 371). Further, if undertakings receive approval for a single group SFCR, the approval for a single group RSR should be given automatically.
- **RSR should not need to contain information already provided elsewhere:**
 - shared with the NSAs
 - Provided in the SFCR

Areas for improvement - Solvency II

- **Q4 reporting should be removed – overlaps too much with the year-end report**
- **Quarterly and annual reporting deadlines should be fixed at the reporting deadlines applicable for 2018**
 - The accelerated deadlines will be very problematic and expensive to meet, especially at group level
 - Furthermore, the review of the reporting deadlines should be carried out as soon as possible to avoid additional, unnecessary major costs for the shorter deadlines, e.g. adjusting the organisations
- **National specific templates (NST) should be avoided**
 - A requirement that the NSA demonstrates how it will be used and the benefit it will bring would help limit to cases where there are there are genuine local specificities

Areas for improvement - Solvency II

- The **SFCR needs to be analysed thoroughly, and both structure and content should be reviewed**
 - Clarify who the target user is – professional or not and assess if currently required information is necessary and relevant for the targeted public
 - avoid redundancies/overlaps
 - Assess need for solo and group SFCR

Areas for improvement - Other

- **Overlap of reporting requirements from various regulations should be avoided**
 - Ensure consistency in data requirements and formats so that reporting is done to one *competent authority or trade repository (single entry point)*
- **Current requirements for double-sided reporting under EMIR create unnecessary burdens, complications and costs and should be removed**
- **Reporting of ECAI ratings generate excessive costs**
 - *Concrete steps should be taken for example: scrutiny of ECAI pricing, reduction in ECAI rating reporting requirement from the general regulatory reporting requirements or EIOPA and the national supervisors could pay for a license to access such data, rather than each and every firm having to do so for reporting purposes, thereby reducing the overall cost to the industry*
- **Ensure financial conglomerates are subject to only one sectorial reporting regime**
 - There can be cases where insurance-dominated financial conglomerates are subject to banking as well as Solvency II reporting

Proportionality/Simplifications

- Proportionality is key to ensuring Solvency II and regulation generally is workable and efficient, especially (but not only) for smaller companies
- Making proportionality work in practice should be a major priority and will contribute significantly to more efficient and effective supervisory reporting
- Application of proportionality is limited in practice by MS who exclude existing SII options at national level, allow only the simplified methods prescribed in the DA and/or set excessive burdens for justifying their use
- Concrete steps include:
 - **Mandatory application of existing SII proportionality options in national legislation**
 - **Else, use of existing waivers should be improved** (e.g those foreseen in Art 35(6), (7) should be made automatic instead of optional)
 - **Ensure simplifications are generally and widely allowed for non-material risks** – for example companies should be allowed
 - to set the SCR to zero for any risk to which they immaterial exposure.
 - set the SCR to a fixed amount that they can show would be no less prudent than the standard formula
 - **Avoid excessive burdens for justifying use of simplifications**



For more information

www.insuranceeurope.eu

Twitter: @InsuranceEurope

