



eiopa
EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Eiopa's Supervisory Assessment of the Solvency and Financial Condition Reports – First experiences

Frankfurt, 11 October 2017

EIOPA's Supervisory Assessment of the SFCRs



- EIOPA is performing an analysis on group SFCRs aiming to identify main gaps/good practices;
- The sample includes big and small insurance groups;
- The analysis covers the SFCR in general regarding accessibility, readability and completeness;
- It is not a pure 'compliance' exercise, but:
 - during the analysis potential situations of non-compliance in the area of disclosure requirements were identified;
 - where the information provided was considered as not sufficiently comprehensive it is difficult to draw the line between non-compliance, application of proportionality/materiality and poor practice.

Main challenges:

- Expectations around the SFCR:
 - Comparability of the information disclosed has been one of the main concerns, in particular from analysts;
 - EIOPA also identifies comparability as one of the main added-value of the SFCR but considering the SFCR as a whole.
- Consideration of the proportionality/materiality principle;
- Causes of generalised gaps: sensitivity of information or poor practice?
- Right balance between regulatory/supervisory approach and allow market discipline to work.

Key areas of focus:

- Long-term guarantee measures (matching, volatility adjustment) and transitional measures;
- SCR ratio, including information on sensitivity of the SCR;
- Own funds;
- Information on risks, in particular 'sovereign risk';
- Information on ORSA;
- Deferred taxes.

Specific approach to LTG:

- EIOPA is seeking information from stakeholders on the insurers' public disclosure on long-term guarantees measures (LTG measures);
- Questionnaire and public event on 25 September;
- Findings from the questionnaire and the workshop will feed into the ongoing review of the LTG measures that Solvency II requires by 2021;
- As part of this review, EIOPA publishes on an annual basis a report on the impact of the application of the measures;
- The EIOPA LTG report in 2017 will include a thematic focus on the public disclosure on the measures.

Key areas of focus – preliminary findings:

- Overall compliance with the “clearer cut” requirements, but in some areas the level of detail disclosed is very high e.g. information on sensitivity of the SCR
- SFCRs are generally easy to find in the websites, follow the structure required
- Missing or very high level summary
- Lack of information on investment performance, according with article 293 of the Delegated Regulation;
- Lack of information regarding the remuneration policy and practices and on the early retirement schemes for the AMSB and other key functions

Key areas of focus – preliminary findings (2):

- Very high level information about the sensitivity analysis and stress testing – e.g. very high level assumptions, outcome not in details, missing overall impact
- Lack of information regarding the explanation on the main differences between standard formula and internal models,
- Very high level or no information how group own funds have been calculated net of any IGTs
- Deferred Taxes: repetition of valuation principles but different approaches regarding information provided and the one requested
- Disclosed information on ORSA very diverse, high-level and repeating Regulation

QRTs in SFCR – preliminary findings:

- Seen as an Annex to be complied with;
- Lack of connection with main report, no background information;
- Refrained undertakings from providing additional quantitative information;
- Some mistakes and differences to the ones reported.

Aim

- By end of 2017 EIOPA to issue a supervisory statement addressing the main areas identified under the current legal framework
- Future possible improvements in the legislation/regulation in a future revision of the ITS.

Questions



eiopa
EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Thank you

SRP Team
