

Call for input on the Solvency II reporting and disclosure review 2020

Supervisory Reporting

	General comment
	The response is a collection of feedback from Insurance Europe and the CFO Forum members. Subject to the availability of resources during this busy period, Insurance Europe and the CFO Forum may follow up with further specific examples and/or solutions or specific improvements.

General:

1.	<p>In general what are the templates/group of templates that represent the highest burden, for example where the information requested is not used internally?</p> <p><i>[Note to EIOPA: due to the 5000-character limit per response, Insurance Europe and the CFO forum will provide the template-by-template information in a separate appendix.]</i></p> <p>The following input was provided regarding examples of most costly information:</p> <ul style="list-style-type: none"> • Due to the volume and granularity of data, and the costs associated with sourcing the data required from external providers, the asset QRTs can be particularly expensive. Insurance Europe and the CFO Forum believe that alternatives in this area could be explored, such as the regulators sourcing some of the data fields themselves, rather than multiple insurers having to obtain the data from providers, each with a respective cost. This would be most relevant for data fields which have no use within Pillar 1, and are therefore entirely sourced for Pillar 3 purposes. • Investments and Technical Provisions are the costliest to report, even though the Investments templates have no internal use. • NSAs should not require information in addition to the extensive reporting and disclosure requirements of the SII level 1-3 framework. Guidelines issued by NSAs should not mean “on top” requests. <p>SFCR – many undertakings have highlighted that the Group and Solo SFCR reports are not fit for purpose and the costs for producing these reports outweighs the benefits and creates undue complexity due to the preparation of two different documents. To date stakeholders have shown very limited interest in the SFCR report and due to the requested level of detail, the overall cost of producing the report typically exceeds millions of Euros while only leading to very limited benefits both for preparers and users (SFCR is hardly used by the stakeholders – it typically attracts very few queries from analysts and brokers).</p> <p>RSR – Some members noted the RSR requires the collation and cross-referencing of a great deal of information, all of which is already available to the NSA. Undertakings will rarely receive queries from their supervisor on this document.</p> <p>Insurance Europe and the CFO Forum note that the complexity of the reporting templates can generate costs for insurers and could be addressed in a simple way:</p> <ul style="list-style-type: none"> • In particular the several hundreds of validations in the templates that all have to be fulfilled before the templates can be submitted generate costs. While Insurance Europe and the CFO Forum agree that these validations can be useful to detect errors in the reporting, they are problematic for several reasons, eg the fact they are very sensitive to rounding. This is especially problematic for cross validations between different templates. A lot of unnecessary work could be avoided, without affecting the quality of the reporting, if validations could accept some deviations, for example a 10 Euro limit. This would eliminate the need for small adjustments that often lead to other, additional adjustments elsewhere.
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- **Resubmissions** that are triggered for very small errors is a similar issue leading to large costs. Small errors should not lead to re-reporting given the extensive amount of work it requires for the undertakings and the little additional (insignificant) information for the supervisors. Reasonable thresholds for resubmissions would address this problem.

Please note that any changes to the QRTs should be limited to deletion of QRTs or specific line items. Changes in definitions or restructuring of requirements would necessitate changes in IT systems to such an extent that these would likely outweigh any benefit brought by the changes.

APPENDIX from here

- The data in reports List of Assets (S.06.02.) *Collective Investment Undertakings – look-through approach (S.06.03)*, S.19 (*Non-life insurance claims*), S.20.01 (*Loss distribution risk profile*) - S.21.03 (*Non-life distribution of underwriting risks - by sum insured*) and S.14.01 (*life obligations analysis*), *Non-life insurance claims (S.19.01.01)*, *Non-life technical provisions by country (S.17.02)*, *Excess of Assets over Liabilities (S.29)*, *Share of reinsurers (S.31.01)*, *Information on annuities stemming from non-life insurance obligations (S.16.01)* and *intragroup QRTs* are burdensome and costly to produce. S.03.01 (*Off-balance sheet items*): Requires the reporting of metrics on off-balance sheet contingent liabilities, such as maximum cash out flow and Solvency II value. This is overly burdensome (and can be considered impossible). Note that these items under IFRS are considered either remote (to low probability) or impossible to provide a reliable estimate of cash flows for. If remote they are not even disclosed under IFRS, but a value or quantitative metrics (as if it can be valued) are not provided in any case, since it is not possible. This requirement is therefore too burdensome as it contradicts the whole idea/basis behind the concept of a remote or impossible to reliably estimate, contingent liability and it should be deleted from the QRT. Column C0010 maximum value: For guarantees provided and received the (best estimate) value is required in column C0020. It does not make sense to also report a maximum value in column C0010 as Solvency II is based on best estimate.
- S.04.01.01 (*Activity by country*): For companies with business worldwide, the template can grow to enormous proportions, making the governance process difficult. The introduction of a materiality threshold for the inclusion of EEA countries in the same way as currently exists for non-EEA countries could reduce workload with limited impact on the value of the information.
- S.05.02.01 (*Premiums, claims and expenses by line of business*), similar information provided in the Financial Statements of an insurance entity. While, the granularity is at a different level than is required by Solvency II, this is in essence a duplication of publicly available information. In addition, Investment management expenses have to be broken down per line of business. It is not possible to simply insert a total. Many companies manage assets centrally and it does not make sense to allocate them to specific LoBs. It would be advantageous if it were possible to simply insert a total number
- S.05.02.01 (*Premiums, claims and expenses by country*): Country definitions are not very intuitive. They cause additional work and are open to misunderstanding. There are different country definitions for different lines of business, making comparison between them problematic. It would be simpler to use a single country definition across lines of business. This could be based on country of risk, country where the contract was entered into or country of localisation of the ceding undertaking. The same issues apply to S.17.02.
- S.06.02 (*List of assets*), S.06.03 (*Collective investment undertakings - look-through approach*), S.07.01 (*Structured products*), S.09.01 (*Income/gains and losses in the period*), S.30.03/S.30.04 (*Outgoing Reinsurance Program in the next reporting year*) are burdensome to produce and the added value for the supervisors and other stakeholders is limited.
- Detailed information on investments with ISIN or other recognized codes in S.06.02 (*List of Assets*), S.06.03 (*Collective Investment Undertakings*), S.08.01 (*Open Derivatives*) and S.08.02 (*Derivative Transactions reports*). A possible solution could be the introduction a materiality threshold.
 - Firstly, assets (bonds, equities, derivatives, etc) that have ISIN codes it should only be required to report the name, ISIN, market value and quantity in the S.06.02.01 (*List of Assets*). If the asset has an ISIN, EIOPA and NSAs can easily access additional information on the asset. It is burdensome and it could create unnecessary problems to report, for example, the sector of the issuer of the bonds and equities as well as the ratings of the issuer and counterparties for the following reasons:
 - Financial data vendors have different ways in classifying the sectors of the issuer of bonds etc. This can create unnecessary problems and costs if the data vendor used by the insurer differs from the one used by the NSA. In such cases the NSA can reject the reported sector by

	<p>the insurer just as a consequence of having different data vendors. This could be avoided if NSAs collect the information from their data vendor.</p> <ul style="list-style-type: none"> ○ There are similar problems with the ratings/rating agencies. In S.06.02.01 (<i>List of assets</i>) it is required to provide both the rating and the rating agency, however, for the three largest agencies (ie Moody's, S&P and Fitch) also the office of the rating agency (ie the head office, subsidiary, or branch as well as the location) needs to be reported. This can be problematic because many providers of ratings do not provide information at this level of detail. In addition, it is unclear when the option "to be used when the split below is not available" (in the reporting taxonomy) is allowed to be used for these agencies. Therefore, for the three main rating agencies - Moody's, S&P and Fitch - the office/location should not have to be specified in the taxonomy between different offices as well as locations (as for other rating agencies). ○ In the list of assets template, very simple -unnecessary- calculations are requested. For example, calculating the ratio between the nominal and market value for bonds. This creates unnecessary problems with rounding and validations (see also question 1). ○ The information on positions would still be reported. <ul style="list-style-type: none"> • Secondly, the look-through requirement, S.06.03 (<i>Collective investment undertakings - look-through approach</i>) for investment funds with ISIN code, including unit-linked products, should be removed. For these funds, it should be sufficient to report the name of the investment fund, ISIN, quantity and market value (eg NAV). The holdings of these investment funds are reported elsewhere, and this information is easy to access for the NSAs. In addition, there could be differences between the insurer's reporting and the investment fund's reporting for the period, because of a delay in the information of the fund holdings. And these differences could lead to the need for resubmission of the reporting templates, which means additional (unnecessary) costs. • Thirdly, detailed information on investments with ISIN or other recognized codes in S.06.02 (<i>List of Assets</i>), S.06.03 (<i>Collective Investment Undertakings</i>), S.08.01 (<i>Open Derivatives</i>) and S.08.02 (<i>Derivative Transactions reports</i>) should not be requested. • Lastly, for asset classes for investments without ISIN codes (eg loans to individuals), a materiality threshold should apply for itemised reporting. This could consist of a requirement that reporting of individual assets should be done such as to capture 90% of assets by value and any asset class representing more than 5% of assets. This would exclude granular reporting for immaterial asset classes, and mirror the materiality approach taken in S.04.01 on inclusion of non-EEA countries, whereas the optionality allows companies to disclose more if their systems are so configured. In Template S.06.03 (<i>Collective investment undertakings - look-through approach</i>), the 20% threshold regarding look-through that applies for quarterly information could also be extended to annual information. <ul style="list-style-type: none"> • S.08.02 (<i>Derivatives</i>). EIOPA is requiring insurers to include also information on derivative transactions which are settled before the closing date/reporting date and which are not included in the opening balance sheet. To require this information is burdensome and does not provide any added value going forward and no information on the solvency position. • S.16.01 (<i>Information on annuities stemming from non-life insurance obligations</i>): This QRT requires individual claim information, which is usually not available in the case of proportional reinsurance treaties. Suggest removing this QRT for reinsurance business. • S.09 (<i>income gains and losses</i>), Solvency II is based on an economic perspective and does not have a "profit or loss account", the impact on the Basic Own Funds is relevant. However, the requested information also duplicates information already provided in the Financial Statements. • S.14.01.01 (<i>life obligations analysis</i>) Information requested is very burdensome and costly to get hold of, and the added value of this information is limited. • S.19 and S.20 (<i>Claim triangles</i>). EIOPA requires insurers to present development tables in a granular manner. The need for the RBNS triangle to be disclosed separately may be questioned. Furthermore, the split into several components is burdensome. • S.20.01.01 (<i>Loss distribution risk profile</i>) is very burdensome to complete. Completing the table is extremely time-consuming and its value is questioned because several commonly used estimation techniques are based on aggregated data on homogeneous risk groups and case by case reserving is not used. Instead, this template has to be filled by artificially allocating the claims provisions to the different columns of the table. The actual reserving processes in the undertakings cannot be used to fill this template.
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	<ul style="list-style-type: none"> • S.21 (<i>Loss distribution - number of claims</i>). EIOPA is requiring information on the number of claims per granular time bucket. It is very unclear how this contributes to a better understanding of the solvency position of insurers. • S.27.01 (<i>Solvency Capital Requirement – Non-Life Catastrophe Risk</i>) this template can be burdensome, and does not add value internally for undertakings. This is because the structure of information required is not consistent with the approach taken to calculating Catastrophe Risk as typically advised by auditors. Specifically, this relates to the diversification approach required when applying a reinsurance programme across multiple perils, which doesn't follow the same structure as required in the QRT reporting. As a result, time is taken generating numbers solely for the purpose of reporting in this QRT, with these figures not being representative of the risks taken on. S.29 (<i>variation analysis</i>) is a burdensome template to complete, in particular on technical provisions, as the template is not unambiguous. Analysis of Change (AOC) is considered by insurers but in a different way than required by EIOPA. The information requested from a management point of view is different from what is asked by EIOPA. The AOC is important, but consistency with the AOC of the Balance Sheet and SCR should be ensured. The granularity required by EIOPA is not the same information as the information that is needed for management and steering purposes or for back testing. • S.30.03.01 and S.30.04.01 (<i>Outgoing reinsurance program</i>): These templates are generally characterised by high levels of detail and take considerable effort to complete. The information is too granular for large numbers of contracts, in particular the setup of UW model and link to R/I, and the need to capture inclusions, exclusion, deductibles on a per policy basis. Reinsurance programmes are usually outlined in narrative reporting, which generally provides greater clarity. • S.33.01 and S.34.01 (<i>Insurance and reinsurance individual requirements, and Other regulated and non-regulated financial undertakings including insurance holding companies and mixed financial holding companies' individual requirements</i>): these QRTs could be deleted, given that these QRTs seem of very limited importance for group supervision. Note that requirements for SCR of sub holdings in s.34 are also overly burdensome (requires interpretation on how to treat related undertakings, which is not straightforward). Any requirements in S.33.01 and s.34.01 could be met by extending s.32.01 QRT, and eliminating s.33 and s.34. • S.36.XX (<i>IGT range</i>): We see a significant need to simplify and clarify. For example the reporting of static equity holding (holding of related undertakings) in the s.36.01 QRT, as required according to the guidance in the relevant ITS, requires very much interpretation and on quantitative metrics (like 'contractual value', 'outstanding amount on reporting date') it seems that you can only conclude that nothing is applicable for that type of IGT (C0100, type 3 IGTs). • S.37.01.04 (<i>Risk concentration</i>): The risk exposures reported in S.37 are most often sourced from other information reported elsewhere in the QRT's, but with a different final presentation in the risk concentration QRT due to a slightly different requirement. Thresholds are also applied for risk concentration purposes (set by each NCA). As one example, significant asset risk concentrations (which makes up the majority of the QRT) are already reported (although not explicitly as concentrations) in the S.06.02 QRT. Additionally, the guidance for this QRT is a little too vague, which has the potential to impact the consistent completion of this QRT across Europe, impacting comparability & EIOPA / NCA analysis and interpretation of risk concentrations. It is worth considering if this QRT could be eliminated or significantly simplified based on the above.
2.	<p>Are there national specific templates that in your view could be harmonised at EU level?</p> <p>No, National specific templates (NST) should be avoided, and only be required when there are genuine local specificities to be taken into account – therefore, by definition there will be little or no need for harmonisation. Where an NSA requires the preparation and reporting of NSTs, there should be a requirement for the NSA to demonstrate how it will be used and confirm cost/benefit analysis justifies implementation. This would ensure that NSAs would only request information that is genuinely justified and relevant to their needs.</p>
3.	<p>Please provide any concrete idea/proposal you might have from the perspective of different business models, e.g. reinsurance undertakings, captives or other.</p> <p>For reinsurance undertakings, templates that require individual claim information are usually not available for proportional reinsurance treaties. This is the case for instance with Information on annuities stemming from non-life insurance obligations (S.16.01).</p>

4.	Is there any area which you believe is not covered by the reporting package that should be introduced and how , e.g. EPIFP, cyber risk?
	No.

Consistency between financial sectors

5.	<p>Where do you see room for improving regarding the consistency of SII reporting framework with other EU supervisory reporting frameworks?</p> <p>We note that the issues and costs regarding Solvency II supervisory reporting are substantially greater than the issues relating to overlaps between frameworks. That said, there is room for improvement on the following areas:</p> <p>1) SII/CRD IV/AIFM There should be a common approach for supervisory frameworks on how to deal with capital requirements regarding non-insurance undertakings which are also supervised via other frameworks like CRD IV or AIFM (Alternative Investment Fund Managers Directive). It is currently possible for financial conglomerates (FiCo) to be required to comply with more than one regime – for example both SII and CRD IV – which creates significant additional costs. While there are some provisions to avoid duplication of reporting, these provisions are not always effective in practice. Therefore, steps should be taken to ensure that, an insurance dominated FiCo should have a group reporting based on Solvency II legislation, a banking dominated FiCo should have a group reporting based on CRD/CRR requirements. For a mixed FiCo, supervisors involved should discuss with the FiCo, which framework should be applicable.</p> <p>2) SII/EMIR Obligations under EMIR in relation to derivative reporting are as follows:</p> <ul style="list-style-type: none"> • Report (or delegate reporting) of all internal and external derivatives, mark-to-market positions, and collateral positions to a central Trade Repository on a daily basis. <p>Obligations under Solvency II in relation to derivative reporting are as follows:</p> <ul style="list-style-type: none"> • Quarterly record of all open and closed derivative positions (S.08.01 – open derivatives / S.08.02 – derivatives transactions). • Annual record of all intragroup derivative positions (S.36.01 - IGT - Equity-type transactions, debt and asset transfer). <p>Hence, Solvency II ((S.08.01 – open derivatives / S.08.02 – derivatives transactions) QRT reporting is largely a duplication of EMIR obligations; there is particular overlap regarding the following aspects: type, notional, buyer seller, premium, use, fair value, maturity date. As the EMIR obligations are more frequent, reconciled by counterparty, and cover a broader scope than Solvency II, it could be considered appropriate to discontinue the Solvency II derivative QRTs and allow NSAs to access derivative data via EMIR.</p> <p>In addition, it is difficult to obtain the data for derivative transactions (S.08.02), eg number of contracts and notional amount of derivative, in particular it is difficult to obtain the market value on the closing day of the derivative contract. Furthermore, the purpose for requesting the data and how the data is used is unclear. The reporting conducted under EMIR to trade repositories should be enough for the statistical purposes of the supervisor.</p> <p>In general, avoiding problems in the first place is the best solution and therefore as well as taking steps to improve the current reporting, there should be recommendations and actions taken to avoid inconsistencies and excessive reporting costs relating to regulation currently in development and future regulation. For all new regulation or reporting requirements, an explicit part of the process should require an assessment and avoidance of overlaps. For</p>
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	existing regulation, a 'yearly call for input' regarding overlaps/redundancies etc could be considered. Improved communication/coordination between the regulating institutions and Commission departments is also needed.
6.	<p>Do you think there are duplications to be reduced in the information reported within SII framework itself as well as with regards to other EU supervisory reporting frameworks?</p> <p>In addition to the response to Q5 the following overlaps have been highlighted by members:</p> <ul style="list-style-type: none"> • There is duplication of information between the SFCR and the annual reports. The SFCR needs to be analysed thoroughly, and both structure and content should be reviewed by focusing on information that is essential for the appraisal of an undertaking's financial, solvency and risk situation. • Most companies entertain parallel reporting systems with regards to the local NSA and the local central bank. This leads to requests from 2 different institutions on the same data. This results into ad-hoc activities, which are almost impossible to plan. However, members do not see this as a major concern. • Financial stability reporting is more or less duplication of the regular Solvency II-reporting, including the ECB-reporting. This duplication of reporting can be avoided by having the same timelines for the Financial stability reporting as for the Solvency II-reporting (see also Question 8).

Proportionality principle

7.	<p>Do you have proposals how to improve the limitation and exemptions process?</p> <p>Waivers should be applied in an automatic way, to reflect an implementation of the proportionality principle</p> <ul style="list-style-type: none"> • The waivers foreseen in Art 35(6), (7) should be made automatic instead of optional and national goldplating must be avoided. • The availability of waivers should be expanded; by increasing the 20% market threshold (Dir Art 35(6)(b)/Art 35(7)(d)), and by using the threshold to its full extent. • If the waivers are not made automatic, NSAs should look to promote these waivers, and support smaller firms in applying for these waivers, up to the threshold of each member state's market. <p>According to the current requirements, an insurer has to complete all QRTs. For example, if an insurer has only a limited exposure to derivatives, all the information as required by template S.08 still has to be completed. In fact, the proportionality principle should lead to a waiver for this information, and a materiality threshold should apply.</p> <p>In addition, smaller entities could be exempted from providing templates which are solely asked for the purpose of statistical information where the impact would not be material eg when data is collected for the country or European level analysis.</p> <p>In the long run, a possible approach could be to introduce a risk-based approach to determine the extent of QRTs each undertaking has to report. On the basis of these facts a limitation and exemptions process is not necessary.</p>
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	<p>Internal Ratings in S.06.02 C0350): Following COMMISSION IMPLEMENTING REGULATION (EU) 2017/2189 of 24 November 2017, the instruction in template S.06.02.C0350 (list of assets) has been changed. According to the new instruction the field C0350 is now applicable at least to CIC categories 1, 2, 5, 6 and 8 (Mortgages and Loans, other than mortgages and loans to natural persons), where available. However, before the amendment the field was only applicable to internal model users. We therefore suggested changing the instruction to the initial wording with reference to internal model users only. Otherwise, the new wording might implicitly force standard model users to set up a certified internal credit rating process which would be a violation of the proportionality principle and definitely not intended by the amendment in 2017.</p>
8.	<p>Do you believe that the current reporting timelines and frequencies are adequate? Please specify</p> <p>Insurance Europe and the CFO Forum are very concerned about the current reporting deadlines and the foreseen acceleration of deadlines. To date, insurers have managed to meet the current deadlines, however the acceleration of deadlines increases the risk of not being able to submit in time. There is inevitably a trade-off between timeliness and accuracy. Companies must make extensive use of simplifications in order to comply with the deadlines.</p> <ol style="list-style-type: none"> 1. Quarterly and annual reporting deadlines should be reviewed. The reporting deadlines should be aligned with the reporting deadlines applicable for 2018. The accelerated deadlines are difficult to meet, as reporting does not only encompass the setup of an efficient dataflow and generating the required reports, but the reports also need AMSB approval and partial audit validation before they can be submitted to the NSA. Against this background, the 2018 reporting deadlines should become the standard. The review of the reporting deadlines should be carried out as soon as possible to avoid additional, unnecessary major costs for the shorter deadlines, eg adjusting the organisations. 2. Financial stability reporting deadlines are different from SII and should be aligned to mirror the Solvency II Group quarterly reporting deadlines. Financial stability annual reporting deadlines of 7 weeks effectively halve the timelines that would otherwise be available for SII annual reporting (14 weeks). This is because in practice, all governance requirements must be completed in advance of the 7-week deadline, meaning that a complete set of reports must be completed by then. 3. Removal of Q4 reporting requirements, only QRTs related to Own Funds and SCR/MCR (S.23.01 "Own Funds") should be required in order to assess the solvency position of the company in a timely manner. It is however key that the removal of Q4 reporting does not lead to new, additional requirements. 4. SFCR 2020: A combined group SFCR (as per Article 256 of the Directive) will not benefit from a 6-week group deadline extension from 2019 onwards (as per Article 362 of the Delegated Acts). Having a combined group SFCR ready at the solo reporting deadline is unrealistic and hence no single SFCR including the group is realistically possible after the transitional period. Possible solutions would be to review the reporting timeline of SFCR or to keep the possibility of reporting a single SFCR on group deadline and therefore preserve the "single SFCR" concept. <p>Insurance Europe and the CFO Forum note that the deadlines are challenging:</p> <ol style="list-style-type: none"> 1. As no consideration is given to any public holidays that fall within the reporting cycle. Insurance Europe and the CFO Forum believe that consideration of the timing of such holidays within the deadline dates would alleviate some of the strain and would lead to a more consistent process from year to year. 2. For the many countries, the 5 weeks for quarterly reporting of the QRT is challenging, in particular for Q2, because it is in the middle of the holiday periods in these countries. This is in particular challenging for smaller insurers, where 1 or 2 persons are responsible for the reporting these persons have to work overtime in the holidays alternatively the insurer has to hire more staff. 3. Meeting the deadlines is even more challenging for reinsurance companies, due to the heavy reliance on information received from cedants. There is currently no allowance within the deadlines for this additional challenge. 4. The fact that EIOPA does not publish the interest curve earlier, implies that each month insurers run the risk of having to recalculate.

	<p>From 2019 onwards, the deadline for annual QRTs, SFCR and RSR will be shortened with two weeks, implying difficulties, eg for processes for undertakings. In general, insurers encounter difficulties to submit reports and templates within required deadlines. These difficulties will increase substantially with the shorter deadlines. The accelerated timetable for the RSR and SFCR with a deadline of reporting 14 weeks after the end of the fiscal year will not be possible to meet, given the time it takes to finish the IFRS- and Solvency II-annual financial statements and the QRT reporting and the time it takes to prepare and compile these reports, to validate the data, to approval of the report, and the time needed for a possible audit of the report. Therefore, Insurance Europe and the CFO Forum believe that the 2018 timetable should apply, and there should be no further shortening of the current reporting deadlines.</p> <p>Furthermore, the requirement to provide the QRTs every 3 months is time-consuming and very expensive in terms of FTEs, given that the current supervisory framework (SII) is totally different from the accounting framework. For example, in Italy, the previous framework only required an annual submission of the complete supervisory data set and in the middle of the year a limited data set had to be submitted. And a limited set of information had to be reported with a higher frequency, however this information was mostly based on accounting figures. At the same time, however, insurers had to cover the solvency margin at all times, and the NSA had to be informed in time if the solvency margin was breached.</p> <p>In addition, there should be a formal implementation period for any changes in reporting requirements, eg 6 months.</p>
9.	<p>Do you believe that the risk-based thresholds introduced in the ITS are efficient? Do you believe they might be improved/extended. Please provide concrete examples if possible.</p> <p>Yes, the risk-based thresholds are a useful tool to achieve proportionality, and increasing and extending the use of these thresholds would be beneficial for undertakings.</p> <ul style="list-style-type: none"> • The SCR could be one of the criteria that can be taken into account to decide if an undertaking has to report specific QRTs • The volatility of technical provisions or any changes in the group structure could be considered as first indicators to assess if an undertaking has to report specific QRTS • A possibility could be for all undertakings to report a basic set of QRTs and possible further reporting requirements should depend on the undertaking’s risk profile and solvency and financial situation. <p>Quantitative reporting needs to be more risk-oriented as opposed to the current mandatory one-size- fits-all approach. Specifically, this means that well capitalised companies with stable risk exposure should report less information at longer intervals than insurers with a volatile risk profile and low cover. Furthermore, the reporting should focus on risk-relevant key areas, eg by putting the company’s main business front and centre. Thresholds can be defined for peripheral areas that don't actually affect the company’s solvency so that they are reported in less detail. Reporting could also be made more straightforward for insurance groups. Solo companies within a group accounting for a negligible proportion of the entire group could be included in the group report via, for example, roll-over methods or even be omitted entirely.</p>

Internal models

10.	<p>How could information on internal models be further harmonised to ensure a minimum level of comparability between undertakings?</p>
	<p>Internal models have contributed to making capital assessments for (re)insurers more risk sensitive and reliable. Internal models address limitations that exist in standard approaches, such as an inadequate recognition of diversification, missing risk factors and deviations from market-standard characteristics. In this way, internal models increase the comparability of capital levels between (re)insurers and help to improve transparency in the insurance</p>

	sector. In contrast, standardised approaches hinder comparability, as they typically cannot capture differences in business profiles. Attempts at further harmonisation would likely lead to more administrative burdens and less meaningful information.
11.	<p>Is the reporting of standard formula figures by undertakings using internal models in S.25.01 (SCR - for undertakings on Standard Formula), S.26s (SCR-Market Risk/Counterparty default risk/life,Non-Life,Health underwriting risk/operational risk) and S.27 (SCR - Non-life and Health catastrophe risk) feasible? What are the main concerns in this area?</p> <p>The question is not one of feasibility but of appropriateness. As discussed above, internal model users calculate their Solvency position based on their internal model which reflects their risk profile to the same prescribed confidence level as the standard formula. The internal model is subject to a rigorous internal and external approval process at the outset and then for any major (or multiple minor) subsequent changes. At the same time, the very reason to use an internal model is based on the assessment that the standard formula does not reflect the risk profile of the undertaking well enough. This applies in particular to undertakings that provide special services like reinsurers, who might mainly assume peak risks.</p> <p>A standardised template is not a substitute for an in-depth understanding of a company's portfolio and risk profile. If these insurers are obliged to additionally complete standard formula figures, this will not reflect their actual Solvency position, it would not lead to a meaningful comparison between firms, and it would increase the reporting burden on internal model firms for limited practical benefit.</p>

Reporting processes

12.	<p>Do you see an opportunity to improve reporting processes in light of the new technologies available? Please explain how.</p> <p>Yes, the main problem is that the feedback given by the local authorities after the upload of XBRL files is very difficult to read and to analyse. Possible improvements could be:</p> <ul style="list-style-type: none"> • The feedback should show the rows/columns where the error occurs; there should be a clearer description of the validation errors. • T4U was a useful instrument to check data in XBRL files. An XBRL converter provided by EIOPA would be useful. <p>Another option could be the linking of the internal systems to XBRL, which could create an efficient process. However, the taxonomy currently takes a one size fits all approach and there is a large number of validations in the XBRL. This makes the whole process very static and inflexible.</p> <p>Flexibility could be improved if EIOPA would assess which data fields are actually necessary for supervisory purposes and could assess the materiality on other data fields.</p>
13.	<p>Please provide your comments, if any, on the current EIOPA practice regarding the XBRL releases.</p> <p>Insurance Europe and the CFO forum have the following comments on the current EIOPA practice regarding XBRL releases:</p>

	<ul style="list-style-type: none"> • Regular updates to the Solvency II taxonomy and associated validations require significant effort to implement. Validations in particular are often subsequently withdrawn where the industry points out errors or inconsistencies – Insurance Europe and the CFO Forum suggests having more extensive testing by EIOPA prior to publication of validations to reduce the volume of errors. • EIOPA’s initiative to open the PWD on 01.05 would also be beneficial for company’s analysis • Concrete examples where the requirements were published too late: <ul style="list-style-type: none"> ○ The latest taxonomy release included additional validation rules, which has led to inconsistencies, these need to be solved. ○ There have been very large problems with the introduction of new EIOPA taxonomies for reporting, for example with the validations. An example of this is the introduction of Taxonomy 2.3.0, where questions asked to EIOPA and NSA were answered very (too) late. One Swedish insurer sent questions to the NSA early October 2018 and received the answers by mid-December. • In Q&A question #798 (30 August 2016) EIOPA states that QRT resubmissions must be submitted in the same XBRL taxonomy version of the initial submission. As there is at least one XBRL release a year, per year) this represents a high burden on undertakings, as they have to implement expensive backup mechanisms for restoring many (even several years old) XBRL reporting software versions. We would appreciate it if QRTs could be resubmitted in the current XBRL taxonomy version. • In fact, one release package contains too many documents. It would be more user friendly if the release would contain one document with technical instructions and another document which consists of all the functional changes within the QRTs including explanations. • Additional requirements or specifications on the requirements done by the national supervisor should be in the same time period/due date as the taxonomy releases by EIOPA. EIOPA should negotiate/ agree on this with the national supervisors to give more transparency in this process and more planning security. • One member noted that its supervisor does not seem to have a uniform approach on how to deal with non-blocking validations when non-blocking anomalies are detected. One possible solution could be for example to have a harmonized EU-wide approach.
14.	Please provide any concrete proposal you might have how the data quality can be improved .
	<p>A trade-off applies between the quality and the timeliness of data, and the current reporting deadlines make simplifications and shortcuts unavoidable to achieve timeliness at the expense of quality. The accelerated deadlines that will apply as of 2019 exacerbate the issue.</p> <p>Therefore, quarterly and annual reporting deadlines should be reviewed. The reporting deadlines should be aligned with the reporting deadlines applicable for 2018.</p>

Narrative reporting

15.	What are the areas of the Regular Supervisory Reporting that could be improved?
	<ul style="list-style-type: none"> • A three-year RSR is sufficient, although even with this frequency, Insurance Europe and the CFO Forum would question its value – nothing substantially new is being reported to the NSAs. Duplications with the SFCR and the ORSA are significant. Submission of an RSR should not be simply an option at NSA’s discretion. A submission of the RSR should only be required in valid exceptional cases.

- In case the **requirement for an annual RSR would be maintained, a statement** – declaring that there have not been material changes – **should be sufficient in years where no material changes are identified.**
- **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 got approval for a single group SFCR, the approval for a single group RSR should be given automatically. Insurance Europe and the CFO Forum acknowledge that it is theoretically possible for undertakings to submit a single group RSR, as cross-references to specific pieces of information are permitted. In practice, this approach has worked well for some groups and their supervisors. However, it would be sensible to make this option more explicit via the Delegated Act.

There is a need for improvement, because of the overlaps within the narrative reporting. In particular for information already published in the annual report and the overlaps between the supervisory ORSA and the RSR reports. The RSR should avoid creating duplication. Companies should not need to reproduce in their RSR information which is already included elsewhere such as the annual report, IFRS financial statements, provided already to NSAs or provided in the SFCR or ORSA.

Two specific examples

- According to Article 311 (2) b) of the Delegated Acts in the RSR the undertakings are prescribed to show the expected developments of the anticipated SCR and MCR over its business planning time period taking the undertaking's business strategy into account. In the ORSA report the same information must be reported in detail.
- Risk sensitivity, stress tests and scenario calculations are described in detail in the ORSA report. The requirement to additionally report on the issues in the RSR could therefore be dropped.

The following specific improvements to the RSR have been proposed:

- The RSR contains both 'static' and 'dynamic' information, dependent on the section. The RSR structure could be improved, so that the static/dynamic information is clustered in specific sections.
 - In 'section C' the dynamic information should be removed and transferred to the section E, for example the sensitivities could be part of either the related capital requirement or the disclosure of Solvency position.
 - 'Section B' and 'C' generally only slightly change during the year (unless policies have changed due to a change in the risk profile).
- the relevance of 'section A' within the RSR can be questioned, this section covers the accounting performance and does not have a direct relationship with the movements in the own funds and or economic balance sheet. The incorporation of a proper analysis in the change of own funds would make 'section A' redundant. In addition, the supervisor receives the financial statements and annual accounts, which also contain this information.
- 'section A.1' and 'B1'. Legal and organisational structure has to be reported, this could be streamlined by integrating this information in 'section B'.
- 'section C.2.8', 'C.2.9' and 'C.2.11' contains information that should be disclosed at the same time the relevant information on the Economic Balance Sheet and/or Solvency Capital Requirement is disclosed. Because, to be relevant, additional quantitative information has to be provided, which duplicates information presented in the Economic Balance Sheet and/or Solvency Capital Requirement.
- In 'section C.4' insurers have to present information on the Expected Profits in Future Premiums. It would be better to present the information in 'section E' as part of the disclosure of the Own funds – Tier 1.
- In 'section C.4' also information is provided as part of guarantees and contingent liabilities. It would be more logical to present this information as part of the Economic Balance Sheet disclosure ('section D.3.2').
- The 'sections C.6.2' and 'C.6.3' should be integrated into the sections on market risk and underwriting risk rather than to be presented as a separate section. Currently, the information duplicates information presented earlier in section C.

	<p>o 'Section D' includes the Economic Balance Sheet, and 'section E' contains Own Funds, Solvency Capital Requirement and Solvency Position. 'Section E' should be in two sections, 'Section E' containing the Solvency Capital Requirement and the Own Funds and 'section G' with the Solvency position and additional relevant information.</p> <p>Finally, the reporting requirements on risk concentration in the RSR at solo and group level are exaggerated, as the additional benefit for supervisors is perceived to be limited. To give an example, undertakings are required to analyse risk concentrations at the level of legal entities, while undertakings should focus on current and expected future material exposures. Furthermore, Solvency II currently requires undertakings to analyse - by means of stress tests and scenario analyses - the probability that risk concentration materialise. However, this way only the impact, not the probability can be analysed.</p>
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Specific templates

16.	<p>Solvency II reporting includes some templates that follow an accounting valuation. How do you see a change in templates S.04 (Activity by country) and S.05 (Premiums, claims and expenses by LoB/country) currently reported from an accounting perspective (i.e.: Local GAAP or IFRS if accepted as local GAAP) to be reported from a Solvency II valuation perspective?</p> <p>Insurance Europe and the CFO Forum do not support this proposal. The Solvency II reporting framework does not specify anything regarding the income statement using Solvency II valuation principles. The closest undertakings come to producing this is through P&L attribution for the purposes of internal model validation (but this would not apply to undertakings applying the standard formula; as such it would not be consistent between undertakings), or through the variation analysis QRTs (S.29.0x, but these do not apply to groups).</p> <p>Were this proposal to be adopted, this would amount to the introduction of a brand-new primary statement in the Solvency II reporting framework – much more significant than merely a new QRT – which would create an onerous amount of work both to implement and to report each period. Models would have to be rebuilt and tested, and the costs entailed would not be outweighed by the benefits.</p>
17.	<p>In some exceptional templates (S.16 <i>Information on annuities stemming from Non-Life Insurance obligations</i>, S.19 <i>Non-life insurance claims</i>, and S.30 <i>Facultative covers for non-life and life business basic data/ shares data</i> and <i>Outgoing reinsurance program basic data/shares data</i>, S.36 (<i>IGT - Equity-type transactions, debt and asset transfer/IGT - Derivatives/IGT - Internal reinsurance/IGT - Cost Sharing, contingent liabilities, off BS and other items</i>)) information is requested regarding the currency of the contracts, instead of the reporting currency. How do you see adoption of the reporting currency for these templates?</p> <p>Whenever a new requirement is proposed, the business benefit must always be considered. In these instances:</p> <ul style="list-style-type: none"> • For actuarial development data such as S.16/S.19, although data in the original currency helps in the understanding of the development of claims without the distorting effects of FX fluctuation, converting everything to the reporting currency by applying the current year FX rate to all numbers will achieve the same result. For this reason, there is no need to change the current requirements, as no additional benefit will be realised. • Limits in reinsurance contracts are set in the currency of the contract – conversion to the reporting currency would create more confusion. This is particularly the case where there are intra-group arrangements. Therefore, Insurance Europe and the CFO Forum support the original currency for both S.30 and S.36.03. • S.36.02 contains a lot of information already reported in S.08.01/2; however, because the latter uses reporting currency, the former is inconsistent. In this instance, to simplify reporting for undertakings, the same basis ought to be used across both sets of forms.

	<ul style="list-style-type: none"> Similarly, because S.36.01/4 contains data that reconciles to the balance sheet, the reporting currency is considered best. <p>For undertakings with insurance business only in their domestic currency it would simplify matters if the QRTs needed to be submitted only once (and not once in their domestic currency plus another time in total). This would avoid preparing and validating additional QRTs that have no added value. In our view, this could be solved by including an additional cell in which undertakings confirm that they only report in their domestic currency. The QRTs concerned are S.19.01 and S.16.01.</p>
18.	<p>Variation analysis templates (S.29s): please provide any specific input on how these templates could be improved.</p> <p>For the majority of the undertakings these templates serve little or no purpose. The templates are complex, offer a wide range of possible interpretations. In addition, undertakings do not use these templates - complete SII income statements do not exist and do not need to be developed - but instead refer to P&L attribution; NSAs also refer to the same. These QRTs are therefore produced, at great effort and expense, with it seems little or no valuable use. Against this background, these templates should be discarded.</p> <p>Specifically, for s29.03 (technical provisions), a very detailed number of steps to explain the variation is required, and the template S.29.03 is rather constructed from a life-insurer point of view, and therefore the requirements don't fit very well for non-life-insurance. And there is no real use of S.29.04 for non-life insurers. And S.29.04 the purpose is currently not clearly formulated in the requirements.</p> <p>If these templates can be shown to meet cost/benefit justification and are maintained, then the following improvements should be considered:</p> <ul style="list-style-type: none"> In the analysis of change, roll forward should be improved, specifically, VNB should be at point of sale instead of at end of period. The own fund approach could be used (same approach/sequence/categories Asset and Liability). Steps to explain the variation should be reduced, especially for S29.03 (technical provisions).A discussion of the requirements focusing on non-life-variation should take place, independent from life-insurance.
19.	<p>Any other areas/proposals.</p> <ul style="list-style-type: none"> The use of references to other documents should be more generally allowed by all NSAs; According to Dir art 51(1) undertakings are allowed to refer to other public available documents. In order to benefit from this provision, in some member states, the local national implementing regulation requires undertakings to submit the specific instance of the authorization. Introduce timeline for responding for NSAs - NSAs should get a timeline to adhere to provide feedback on submitted reports. When the deadline has passed, undertakings should have the certainty that no further NSA comments will follow.

Public disclosure:

Aim and structure

20.	Do you agree that SFCR should reflect the different information needs of policyholders and other stakeholders?
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	<p>Insurance Europe and the CFO Forum agrees with this statement up to a point but it is very important to define the stakeholders of the SFCR.</p> <p>It is acknowledged that the publication of the SFCRs encourages market discipline and it has an information function for both the policyholders and other stakeholders. However, it is highly likely that a typical European personal customer will never read their insurance company's SFCR. Instead, the document is (already) read by industry analysts and brokers – and it should be borne in mind that the latter act on behalf of commercial clients. In practice, it is hardly feasible to set up a report that satisfies the information needs of both non-professionals (the standard policyholder) and professionals (analysts, consumer agencies, other insurance companies, etc.). Hence, the SFCR should not try to be “all things to all people”, but instead provide better quality information (see the answer to Question 21 below). Therefore, a stronger differentiation according to the different types of addressees of the SFCR is needed, while avoiding the creation of additional reports or to further bloat the SFCR.</p>
21.	<p>How in your view the SFCR can be improved to address all stakeholders?</p> <ul style="list-style-type: none"> • The SFCR needs to be analysed thoroughly, and both structure and content should be reviewed by focusing on information that is essential for the appraisal of an undertaking's financial, solvency and risk situation. <ul style="list-style-type: none"> ○ Redundancies/overlaps with other 'publicly available' reports should be identified ○ It should be verified whether all requested information is necessary and relevant for the public. ○ Requirements should be reviewed with regard to clarity and scope of interpretation, in order to avoid misunderstandings ○ The addressee of the report should be reviewed. Preparing one report addressing both policyholders and professionals is difficult. Possible solutions could be: <ul style="list-style-type: none"> ▪ The report could target professionals only ▪ To make a distinction according to the type of user. A brief narrative report (comparable to the executive summary) enables the average policyholder to acquire an overview of an insurer's key information. The more detailed quantitative report without narrative explanations for the professional public would contain detailed information and key figures.
22.	<p>Do you believe the structure of the SFCR could be improved? Please provide specific proposals if possible.</p> <p>Yes, there is room for improvement.</p> <p>A possible approach could be to revise the public reporting. Punctual rework in some areas should be avoided and instead there could be one report per addressee.</p> <p>The SFCR could be written for policyholders and the professional public only. The supervisory authority receives all the information it needs through other reports or audits, so it does not need the SFCR.</p> <p>SFCR reporting should focus on these target groups in order to increase its impact:</p> <ul style="list-style-type: none"> • A brief narrative report (comparable to the executive summary) should enable the average policyholder to acquire an overview of an insurer's key information. It would include an overview of a company's solvency and financial situation or transactions planned for the future, which could change the company's business position. • The more detailed quantitative report without narrative explanations for the professional public would contain more detailed information and key figures, for example to support a professional's decision-making process or to be relayed to policyholders in an appropriate format by consumer protection groups. A summary of key figures can also facilitate report comparison. Restricting the report to purely quantitative information would enable cross-border analysis, which is currently complicated due to the language barriers arising from the narrative content.

23.	<p>Is there any information in the SFCR that you consider not useful or repetitive? Please explain why.</p> <p>Delegated Regulation (EU) 2015/35 Art 293 (1)(b), (c) requires listing of the external auditor, the supervisory authority of the insurer and the group’s supervisory authority. The benefit of this information for the general and professional public remains unclear.</p> <p>There are a number of overlaps between the SFCR and the published financial statements/annual report, for example:</p> <ul style="list-style-type: none"> • The information required according to Delegated Regulation (EU) 2015/35 Art 293 (1)(f), ie <i>the undertaking's material lines of business and material geographical areas where it carries out business</i>, is already covered in the annual report. <ul style="list-style-type: none"> ◦ Information on material related undertakings including the name, legal form, country, proportion of ownership interest held and, if different, proportion of voting rights held are already given in QRT S.32.01 (<i>Undertakings in the scope of the group</i>), which is published with the SFCR • Both reports have to provide information on insurance and market risk. And whilst there is the ability to cross-reference from the SFCR back to these financial statements, it would be reasonably straightforward to remove the duplication across the documents leading to a streamlined, but more useful, SFCR. In particular for listed companies the SFCR contains information that is disclosed in other – mandatory – reports (eg Risk Report, Annual Report, Governance & Remuneration Reports). • The requirement to disclose several figures with and without the impact of the LTG measures are a source of misunderstanding, as the LTG measures are a fundamental part of Solvency II. • The information required in chapter A (Business and performance) is already included in the financial statements and is therefore duplicated. • The use of reference to other public reports in one member state is subject to specific provisions on how to reference. • The reporting of negative facts (ie we do not have ...,) should be avoided, because these passages expand the report unnecessary.
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Audit

24.	<p>What are in your view the advantages/disadvantages of the external audit requirements of the SFCR, namely what is the impact on the quality of the Report?</p> <p>There is no need for external audit requirements, as all elements in the SFCR (balance sheet, capital management, etc.) are already supervised through Pillar 1 and through the regular supervisory reporting (RSR). Against this background, the cost in relation to little or no added value of an external audit cannot be justified. The level of protection for policyholders and financial stability would not be enhanced by an external audit requirement.</p> <p>The disadvantages are the following:</p> <ul style="list-style-type: none"> • It is shortening the deadlines • It is time-consuming and • There is a cost burden.
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Language and means of disclosure

25.	<p>Do you consider that current language requirements are adequate? Please provide concrete proposals for improvement.</p> <p>Undertakings should always have the option to report SFCR in English. Disclosing the Group SFCR in multiple languages (local language and English based on the request of the Group Supervisor according to articles 360 (1) and (2) of the Delegated Act) is due to the volume of the required information in the</p>
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	<p>SFCR a very costly and labor-intensive requirement. Preparing the SFCRs (and also the RSRs) in English would also facilitate comparability across Member States which is at the moment - due to language barriers - not ensured.</p> <p>In addition, the necessity of translating the executive summary of the Group SFCR into local languages of the EEA (re)insurance subsidiaries as stipulated by Article 360 (3) of the Delegated Act should be revised. This is a very burdensome requirement for a group that has subsidiaries in numerous EEA-states and has very little added value.</p>
26.	<p>Do you see an opportunity to improve disclosure processes in light of the new technologies available, namely artificial intelligence and machine reading formats? Please explain how.</p>

Specific improvements:

27.	<p>Please provide any concrete idea/proposal you might have from the perspective of different business models, e.g. reinsurance undertakings, captives or other.</p> <p>In particular for reinsurance business some requirements result in substantial additional effort without or with little benefit:</p> <ul style="list-style-type: none"> • While selective reports of Surrender Values, Guaranteed Interest Rates (Template S.14) are of little benefit, they are burdensome to prepare (it is not completely clear how to use these concepts for reinsurance business) • Reporting of Future New Business (for Non-Life: BBNI – Bound but not accepted) is burdensome. Additionally, in practice this leads to an increase of own funds because it is assumed that new business is being profitable. <p>At the same time however, a more conservative view on the own funds (without FNB) would be arguable and would make the reporting process much easier.</p> <p>For captives, the narrative reporting requirements should be assessed in the light of proportionality.</p>
28.	<p>On the areas identified by different stakeholders where more structured information is needed, such as SCR sensitivity, movements on SCR or movements on Own Funds, please provide any proposals if possible.</p> <p>Current reporting is sufficient and it is important to keep the framework and templates stable in order to build on the accumulated experience within the undertakings and to finally reduce the cost of production.</p> <ul style="list-style-type: none"> • Request for additional information is for listed insurers. But, required elements are generally communicated when the insurers publish their result. Non-standardization allows insurers for adapting their financial communication to their specific risk profile. • Additional data are already provided to the supervisors through the ORSA and supplement QRT on these issues.
29.	<p>Any other areas/proposals.</p> <p>While some of these points have been mentioned above, they are included here to provide an overview of various proposed improvements:</p> <ul style="list-style-type: none"> • The 2018 reporting timelines should remain the standard – the deadline for the combined group SFCR produced under Article 256 of the Solvency II Directive should not be cut by 6 weeks from 2019 onwards, as is currently set out in the Level 2 text. Additionally, no further acceleration of the deadlines should take place. • Align financial stability reporting deadlines to the SII quarterly and annual reporting deadlines RSR/QRTs should be streamlined. The content of the QRTs needs to be reviewed and reduced to material information necessary for supervisory purposes. This streamlining should not lead to an

increase in ad-hoc reporting. It is key that the supervisory reporting consists of predefined content and format, and unjustified national solutions should be avoided.

- **For the SFCR should be analysed thoroughly, and both structure and content should be reviewed by focusing on information that is essential for the appraisal of an undertaking's financial, solvency and risk situation.** A distinction according to the type of user should be made. While a brief narrative report (comparable to the executive summary) enables the average policyholder to acquire an overview of an insurer's key information, the more detailed quantitative report without narrative explanations for the professional public would contain detailed information and key figures.
- **Removal of Q4 reporting requirements**, only QRTs related to Own Funds and SCR/MCR (S.23.01 "Own Funds") should be required in order to assess the solvency position of the company in a timely manner. It is however key that the removal of Q4 reporting does not lead to new, additional requirements.
- a **three-yearly RSR is sufficient** where no material changes are identified.
- Adjust **financial stability reporting deadlines** so that they **mirror the SII Group quarterly reporting deadlines**;
- **EIOPA** and the NSAs should review the information currently submitted under Solvency II to determine if the information is superfluous from a prudential regulation perspective. Any superfluous requirements should then be removed.
- **NSAs** should look at their national specific reporting requirements to determine which can and cannot be justified. Discrepancies between NSA's use of exemptions and waivers (for example under Article 35 of the Solvency II Directive) should also be addressed.
- Further to the previous point, **clearer justification should be provided for the information requested**. A greater understanding of how the regulator is using the data and what checks they are performing would be very useful, as it could lead to regulatory bodies and industry working together to determine more efficient ways of providing the data required, without having any impact on quality. Additionally, it would further support the removal of any superfluous reporting requirements.
- **Introduce timeline for responding for NSAs** - NSAs should get a timeline to adhere to provide feedback on submitted reports. When the deadline has passed, undertakings should have the certainty that no further NSA comments will follow.

Proposals regarding QRTs:

- **Rethink QRT materiality thresholds** in order to be more efficient and increase simplification
- **Accept minor deviations** for the **validations** of the reporting templates (see question 1)
- Remove reporting requirements that overlap with EMIR reporting.
- The **quantitative reporting (QRT)** should not follow **the approach one-size- fits-all**. In specific terms, this means well capitalised companies with stable risk exposure should report less information at longer intervals than insurers with a volatile risk profile and low cover. There should be a basis set of information for all undertakings, containing the key figures on the finance and solvency situation of an undertaking. Further information can be requested, but the information that is requested should be determined by following a risk-oriented approach. Undertakings should report undertaking-specific information.
- **Limit the information** for those **assets and investment funds** that have **ISIN codes**,

Proposals regarding Taxonomy:

- **Increase the threshold for requiring resubmissions**
- Launch new taxonomies in Q1 instead of Q4, as monitoring changes to the reporting framework, however minor, requires substantial amounts of time, effort and cost.
- Supervisors/EIOPA should respond much faster to questions about new taxonomies. Otherwise, insurance undertakings have only very little or no time at all to adjust in line with clarifications provided by EIOPA and/or NSA. If insurers are not given sufficient time, there is no possibility to adapt their systems for year-end reporting and insurers will be forced to use very burdensome ad-hoc solutions instead. A possible solution to avoid these issues with new taxonomies is therefore to launch taxonomies by Q1 and not in Q4, as is currently the case.

Further proposals:

- Discussing the possibility to have a single reporting system across supervisors and companies, as currently all IT costs are borne by the insurance sector.
- EIOPA/NSAs should continue to issue additional information. In the industry's view, the most useful "instruments" are:
 - explanatory notes in Solvency II - until now there are only explanatory notes with regards to QRT variation analysis, but it would be very useful to have such notes on the reinsurance templates. Also notes on the narrative reports would be useful (eg meaning and target group of SFCR or RSR)
 - Q&As – regular updates on Q&As of the reporting templates
- Extend the timelines for responding to a call for input and PWDs.
- Conduct workshop/discussion whereby industry and regulators can relate the cost of producing information with its relative benefit. Have regulators explain the use and analysis of the data in order for companies to better anticipate questions. These could potentially be done on a regular basis.
- Set-up a common dictionary for financial language, endorsed by EU, for what concerns the different reporting framework (not only supervisory reporting, but also, for example, public disclosure).
- Explore the possibility to modify the framework of the calculation of the Technical Provisions in order to find synergies between Solvency II and IFRS17, especially in the field of contract boundary definitions;
- NSAs should not require information in addition to the extensive reporting and disclosure requirements of the SII level 1-3 framework. Guidelines issued by NSAs should not mean "on top" requests.