

General comment
<p>The response is a collection of feedback from Insurance Europe’s members. Members were encouraged to submit their feedback. Subject to the availability of resources during this busy period, Insurance Europe may follow up with further specific examples and/or solutions or specific improvements.</p> <p>Insurance Europe welcomes the Commission’s recognition that supervisory reporting places a heavy burden on the industry and to use this fitness check to identify overlaps and inconsistencies across regulations and opportunities to streamline and reduce costs within regulation, with in particular for insurers, Solvency II reporting. It also therefore welcomes EIOPA’s initiative to review as part of the 2020 Solvency II review the reporting and disclosure requirements with the aim to assess if the requirements remain fit-for-purpose and in particular if the requirements allow a risk-based and proportionate approach.</p> <p>Responses are provided below but Insurance Europe highlights the following general messages:</p> <ul style="list-style-type: none"> <li>• While efforts to improve existing reporting are welcome, avoiding problems in the first place is the best solution and therefore this fitness check should include recommendations on how to avoid inconsistencies and excessive reporting costs relating to regulation currently in development and future regulation.</li> <li>• All changes to reporting will incur costs and in some cases, although reporting requirements may have been designed in a sub-optimal way, once undertakings have implemented the requirements, the costs are sunk and therefore, even in the cases where changes may be justified, the costs of further changes can outweigh the benefits. Therefore, it is important to consult the industry before deciding on any changes, in order to check whether these changes are technically justified from a cost/benefit point of view, except for deletions of whole QRTs or line items, as these should not present a major issue in terms of changing systems.</li> <li>• The industry is well aware of the costs of reporting. To maintain a constructive dialogue, regulators should be encouraged to further consider the value and usefulness of the reported information and provide some indication of the relative usefulness of different parts of the reporting framework, so that these can be compared against the costs.</li> <li>• A tradeoff applies between the quality and the timeliness of data, and the current reporting deadlines make simplifications and shortcuts unavoidable to achieve timeliness, this at the expense of quality. The accelerated deadlines that will apply as of 2019 exacerbate the issue.</li> <li>• On an ongoing basis, the volume of reporting requirements is certainly a key driver in costs, given that a significant amount of the information collated for Solvency II reporting would not be produced for any other purpose than reporting to the regulator, and is not used for decision making purposes.</li> </ul>

**Session I: Follow-up to the public consultation – Content-related matters**

**Complexity of requirements**

Several respondents to the public consultation have claimed that the volume of reporting requirements (i.e. excessively detailed requirements) is the main driver of costs for their respective companies.

1.	<p>Do you agree with this claim? If yes, what specific impact does this have on your company in practical terms (need to adapt systems, need to hire more staff, additional time spent on collecting data, etc.)?</p> <p>Insurance Europe agrees with this claim.</p> <p><b>Implementation of Solvency II requirements</b> is one of the main drivers of costs in the last years in terms of:</p>
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	<ul style="list-style-type: none"> <li>• set-up new systems and adapt existing systems;</li> <li>• hiring more staff, responsible for the coordination, data owning and back-up personnel. In order to deal with the higher workload, but also to hire people with specific skills not required in the previous supervisory system;</li> <li>• additional time spent on collecting/processing data, due to the fact that the previous supervisory system was mainly based on data collected in the accounting system or derivable from this data (ie Solvency I margin, assets backing liabilities, supervisory templates to be sent with the financial statement);</li> <li>• additional audit costs.</li> <li>• large amount of effort involved in review and sign-off of submission to meet AMSB approval requirements.</li> <li>• as a group, it is almost not possible to report without using external software providers, which offer specific IT-solutions.</li> </ul> <p>On an <b>ongoing basis</b>, the volume of reporting requirements is certainly a key driver in costs, given that a significant amount of the information collated for Solvency II reporting would not be produced for any other purpose than reporting to the regulator, and is not used for decision making purposes.</p> <p>In addition to the business-as-usual-cost of meeting the reporting requirements, the ongoing changes to the framework as a whole lead to a significant cost as well. Changes in interpretations and regular updates to the Solvency II taxonomy and associated validations require significant effort to implement and the changes sometimes introduce new errors or inconsistencies – Insurance Europe suggests having more extensive testing by EIOPA prior to publication of validations to reduce the volume of errors.</p> <p>Furthermore, the following is noted:</p> <ul style="list-style-type: none"> <li>• the introduction of new requirements and new reports/templates has come – in some cases – with rather unclear definitions and instructions, while clarifications were only provided a long time afterwards. Therefore, insurers had develop their own interpretations, which may then have had to be changed once clarifications were provided, leading to uncertainty and creating significant costs. These costs could be reduced and uncertainty could be avoided if EIOPA and the NSAs would provide clarification of definitions and instructions at an earlier stage. Therefore, more time and effort should be spent on getting the reporting right first time so that <b>definitions are clear and consistent from the start along with instructions for the reporting frameworks</b> and <b>EIOPA and NSAs should react fast and proactively to questions or requests for clarification</b>.</li> <li>• A significant amount of resources is required, in order to coordinate management and board for decisions with regard to the different reports, in particular RSR and SFCR. Due to the extremely detailed reporting requirements it could be considered as a (hidden) cost as fewer resources are available for business development activities for the benefit of customers (if an insurer decides to maintain cost levels to pre-Solvency II) or increase of fees charged to customers (policyholders).</li> </ul>
2.	<p>In your view, are any of the supervisory reporting requirements (e.g. reporting templates, data elements) <b>superfluous</b>? If yes, <b>which</b> ones and <b>why</b> do you feel that they are superfluous (e.g. already reported somewhere else, data not necessary, etc)?</p> <p>Yes, there are a number of requirements that are superfluous (some examples are listed below) and it is not clear to the industry how and for what purpose some of the information included within the QRTs is actually used.</p> <p>There should be a burden of proof for EIOPA/the NSAs to justify why any particular piece of information is required for the NSA to meet its objectives/fulfil its statutory duties as a supervisory authority. Where an NSA is unable to do this the data should not be required. Groups will typically submit hundreds of QRTs in total across all entities, some with thousands of data points. For example one member noted that, to date, only the balance sheet and capital QRTs have attracted material queries from NSAs.</p> <p>The following requirements have been identified as superfluous by one or more of our members:</p> <ul style="list-style-type: none"> <li>• <b>Data elements already reported under Solvency II in another format</b> and that have to be reported in a different way, for example:</li> </ul>

- The transfer of accounting data into Solvency II lines of business according to Delegated Regulation (EU) 2015/35 Art 293 (2).
- The information required according to Delegated Regulation (EU) 2015/35 Art 293 (1)(f), ie *the undertaking's material lines of business and material geographical areas where it carries out business*, is already covered in the annual report.
  - 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 (*Undertakings in the scope of the group*), which is published with the SFCR
- 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.
- **Data requirements related to the calculation of reported but not settled (RBNS) claims**, as is not a Solvency II requirement except for reporting:
  - in template S.20.01 (*Development of the distributions of the claims*) RBNS claims, which do not have to comply with Solvency II or FAS valuation are requested. It can be questioned whether this promotes a harmonised supervision and whether supervision based on RBNS is a good basis.
  - RBNS is also required in templates S.19.01 (*Non-life insurance claims*) and S.21.01 (*Loss distribution risk profile*). In S.19.01, RBNS triangles should be deleted.
- **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*).
  - Firstly, assets (bonds, equities, derivatives, etc) that have ISIN codes (or other recognised codes such as SEDOL) 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 the insurer just as a consequence of having different data vendors. This could be avoided if NSAs collect the information from their data vendor.
    - There are similar problems with the ratings/rating agencies. In S.06.02.01 (*List of assets*) 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 4).
  - Secondly, the look-through requirement, S.06.03 (*Collective investment undertakings - look-through approach*) 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 investments 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 (*List of Assets*), S.06.03 (*Collective Investment Undertakings*), S.08.01 (*Open Derivatives*) and S.08.02 (*Derivative Transactions reports*) should not be requested.

	<ul style="list-style-type: none"> <li>○ Lastly, for asset classes for investments without ISIN codes (eg loans to individuals), a materiality threshold should apply for itemised reporting</li> <li>• It is <b>difficult to obtain the data for S.08.02 (derivative transactions)</b>, 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. In addition, the purpose for requesting the data and how the data is used is unclear. Instead, Insurance Europe believes the reporting conducted under EMIR to trade repositories should be enough for statistical purposes of the supervisor.</li> <li>• <b>The same information is – unnecessarily – required in different templates and different reports.</b> <ul style="list-style-type: none"> <li>○ For example, a lot of the information that is reported for the annual QRTs is already reported in Q4. Only QRTs related to Own Funds and SCR/MCR (S.23.01 - <i>Own Funds</i>) should be required to be able to assess the solvency position of the company in a timely manner; the other templates are not considered relevant for this purpose since their analysis is not time critical. In addition, there are no material differences between Q4 and year-end pillar 3 reporting, as Q4 reporting is in fact a subset of year-end. Q4 pillar 3 reporting is costly and adds complexity to the whole annual reporting process.</li> <li>○ For the QRTs there are several cases of double reporting, eg the best estimate is reported in S.12 (Life and health SLT technical provisions), SR.12 as well as in S.14 (life obligations analysis) and the premiums and payments are reported in S.05 (premiums, claims and expenses), S.14, S.29 (Excess of assets over liabilities) as well as in S.26.06 (SCR – operational risk). These overlaps in reporting imply a lot of additional resources and capacity in the IT-systems and for data storage in order to fill out the templates as well as for traceability.</li> </ul> </li> <li>• The <b>same information</b> is requested <b>in several reports</b>: <ul style="list-style-type: none"> <li>○ Information in the annual report (ie the annual financial statement) about the organisation, group structure, risk management, governance and the result of insurance business and investments are also required to be reported in other reports to the NSAs (SFCR and RSR). These overlaps (double reporting) lead to more work, as the different reports require adjustments to meet the (marginal) differences between them. In addition, management and board have to read and approve many detailed reports. For the RSR, this could be avoided by allowing to refer to the annual report. In at least one member state, this is not possible due to the fact that the annual report is not subject to reporting to the supervisory authorities and that, according to guideline 35 in EIOPA’s Guidelines on reporting and public disclosure, reference can be made only to other supervisory reports. However, the strict requirements for the annual report should be sufficient, ie it should be explicitly allowed that in the RSR refer to the annual report.</li> </ul> </li> <li>• <b>The preparation of SFCR is costly and the report appears to have only limited benefits</b>, furthermore there is a lot of duplication of information between the SFCR and the annual reports of insurance companies. Therefore, 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.</li> <li>• <b>Some members highlighted the RSR has limited value.</b> This report is addressed solely to the NSA, and provides or refers to information that is already either in the NSA’s possession or fully available to it. The annual update in particular is an administrative exercise, usually resulting in a two-page report being produced that only says that there have been no material changes.</li> </ul>
3.	<p>To what degree is the <b>information reported for supervisory purposes</b> also useful for <b>running your business on a day-to-day basis</b>? Would any of these information units have to be produced in any case, even in the absence of supervisory reporting requirements?</p> <p>Data used internally for steering purposes is often not at the same level of aggregation or format and maybe calculated in a different way from the specific regulatory requirements. Also the validation processes could be different for non-critical data. Therefore being required to report data usually creates significant additional costs</p> <p>Insurance Europe notes that to run business on a day-to-day basis only SCR, MCR, Own Funds and technical provision reports are used.</p>

	<p>Solvency II is a useful capital framework, and as would be expected, the capital position of groups and their respective subsidiaries should be a key metric used for business decision making. However, many insurers make certain adjustments to the regulatory capital position when making reference to the “shareholder view” of the capital coverage ratio, as the shareholder view is deemed to be a more useful metric than the regulatory position. This is due to certain adjustments required on a regulatory basis (such as the ring-fenced fund and pension scheme restrictions) distorting the capital ratio from a shareholder perspective – it is helpful to reverse these items to provide the shareholder view.</p> <p>Members provided the following examples of information reported for supervisory purposes but not used for running day-to-day business are:</p> <ul style="list-style-type: none"> <li>• The RSR is not used, it is only produced for supervisory purposes.</li> <li>• The SFCR is not used; most firms will have alternative market communication tools used to publish and convey key information to investors and stakeholders.</li> <li>• Investments: QRTs are not used, as it is similar to IFRS data. The data may be used in business-as-usual internal reporting.</li> <li>• Off Balance Sheet: QRTs are not used, but the data may be used in business-as-usual internal reporting.</li> <li>• S.04 (<i>Activity by country</i>)/S.05 (<i>Premiums, claims and expenses by line of business/by country</i>): not used, as similar to IFRS data.</li> <li>• S30 (<i>Reinsurance</i>): not used, as exposures are typically measured/monitored using alternative internal systems.</li> <li>• S37 (<i>Risk concentrations</i>): not used, as concentrations are typically measured/monitored using alternative internal systems.</li> <li>• S29 (<i>Variation analysis</i>): not used, as P&amp;L attribution is typically performed in a different way for internal reporting.</li> <li>• S.36 (<i>IGT</i>) Annual intragroup transactions: the data is not used.</li> <li>• Entities in Scope of Group: the non-financial data is used, the financial data is not used.</li> <li>• Detailed reporting of investments asset in S.06.02 (<i>list of assets</i>).</li> <li>• Detailed reporting of derivative instruments in S.08 reports where there are overlaps with EMIR reporting.</li> <li>• Detailed reporting of investment funds in S.06.03 (<i>collective investment undertakings – look-through approach</i>).</li> </ul>
4.	<p>What are the most <b>costly</b> sets of <b>information</b> to submit? Which <b>requirements</b> are most <b>burdensome</b>? Which do you consider the <b>least useful data</b> that is currently reported?</p> <p>Our members provided the following feedback on examples of most costly information:</p> <ul style="list-style-type: none"> <li>• 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 believes 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.</li> <li>• <b>Quarterly reporting</b> – data on Investments and Technical Provisions are the costliest to report, although the Investments templates have no internal use (see above).</li> <li>• The data in reports S.19 (<i>Non-life insurance claims</i>), S.20.01(<i>Loss distribution risk profile</i>) - S.21.03 (<i>Non-life distribution of underwriting risks - by sum insured</i>) and S.14.01 (<i>life obligations analysis</i>) is <b>burdensome and costly</b> to produce. This is because a lot of the data is not directly available in databases. <ul style="list-style-type: none"> <li>○ The template on development triangles (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.</li> <li>○ Life obligation analysis (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.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• S.06.02 (<i>List of assets</i>), S.06.03 (<i>Collective investment undertakings - look-through approach</i>), S.07.01 (<i>Structured products</i>), S.09.01 (<i>Income/gains and losses in the period</i>), S.30.03/S.30.04 (<i>Outgoing Reinsurance Program in the next reporting year</i>) ( ) are burdensome to produce and the added value for the supervisors and other stakeholders is limited.</li> <li>• <b>Detailed information on investments with ISIN or other recognized codes</b> 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>). A possible solution could be the introduction a materiality threshold.</li> </ul> <p>Insurance Europe notes that the <b>complexity of the reporting templates can generate costs for insurers and could be addressed in a simple way</b>:</p> <ul style="list-style-type: none"> <li>• In particular due to the several hundreds of <b>validations</b> in the templates that all have to be fulfilled before the templates can be submitted. While Insurance Europe agrees 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.</li> <li>• <b>Resubmissions</b> 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.</li> </ul> <p>Our members provided the following feedback on examples of <b>least useful information</b> is the data:</p> <ul style="list-style-type: none"> <li>• in report S.20.01 (<i>Loss distribution risk profile</i>)</li> <li>• in Template S.04.02 (<i>Activity by country</i>). The information on class 10 by EEA member can be questioned, in particular the information on claims frequency and average cost of claims in Motor Vehicle Liability per country and with division to activities by branch and FPS.</li> </ul> <p><b>SFCR</b> – 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><b>RSR</b> – 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 typically receive no queries from their supervisor on this document.</p>
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### Overlapping requirements

5.	<p>What are your <b>views on derivatives reporting</b> under <b>Solvency II</b> and <b>EMIR</b>? Are there any significant overlaps? If yes, please provide specific examples.</p> <p>Obligations under EMIR in relation to derivative reporting are as follows:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>Obligations under Solvency II in relation to derivative reporting are as follows:</p> <ul style="list-style-type: none"> <li>• Quarterly record of all open and closed derivative positions (S.08.01 – <i>open derivatives</i> / S.08.02 – <i>derivatives transactions</i>).</li> <li>• Annual record of all intragroup derivative positions (S.36.01 - <i>IGT - Equity-type transactions, debt and asset transfer</i>).</li> </ul>
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	<p>Hence, Solvency II ((S.08.01 – <i>open derivatives</i> / S.08.02 – <i>derivatives transactions</i>) 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 <b>difficult to obtain the data for derivative transactions (S.08.02)</b>, 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. In addition, the purpose for requesting the data and how the data is used is unclear. The <b>reporting conducted under EMIR to trade repositories should be enough for the statistical purposes of the supervisor.</b></p>
6.	<p>In addition to the above overlaps, do any <b>other overlaps</b> exist between <b>Solvency II</b> and any <b>other reporting frameworks</b>? Please provide concrete examples.</p> <p>There are a number of additional information submissions that have similarities/overlap with the Solvency II regime.</p> <ul style="list-style-type: none"> <li>• There are a number of <b>overlaps between the SFCR</b> and the <b>published financial statements/annual report</b>, for example 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 many insurance companies, eg listed insurers, the SFCR contains information that is disclosed in other – mandatory – reports (eg Risk Report, Annual Report, Governance &amp; Remuneration Reports).</li> <li>• Financial stability reporting creates additional reporting requirements, but does only contain Solvency II data. In fact, the same information has to be reported twice, but with different deadlines, leading to a practical situation where the shorter deadline prevails.. It would be helpful to adjust financial stability reporting deadlines so that they mirror the SII Group quarterly reporting deadlines, this would lead to only one quarterly submission.</li> <li>• Overlaps exist between the quarterly QRT's and some national reporting (balance, assets, liabilities) the QRT's are on LoB level and the national reporting templates are requested at company level.</li> <li>• Overlaps between Solvency II and consolidated IFRS balance sheet and local gaap balance sheet.</li> <li>• Global Systemically Important Insurers (G-SIIs) are required to submit information to the IAIS. These templates often request similar information to that required under Solvency II, but with differences which mean that there are limited practical synergies between the templates.</li> </ul>
7.	<p>If you feel there are <b>overlaps between reporting frameworks</b>, how do these overlaps <b>affect your company in practice</b>?</p> <p>Some larger groups were requested to report under both Solvency II and CRD IV at group level. For one group, initially, the banking supervisor required the group to "set up" a group in which the largest CRD-entity would be the parent. As such, all requirements of the CRD IV/CRR were applicable, which would result in large deficits as all capital of the insurers had to be subtracted and no grandfathering of capital instruments would be allowed. Ultimately, the supervisor agreed with the approach to deduct the NAV from the available own funds while maintaining all risk management and other requirements. This also causes some problems, eg IGT are not eliminated on the group balance sheet, etc.</p> <p>To address this issue, the dominant prudential regime should supercede any group requirements of the less dominant regime. In the case of an insurance led financial conglomerate, the consolidation rules of Solvency II would apply and not CRD consolidation rules. And the same reasoning would apply for banking led conglomerates. For groups falling in between, the supervisor together with the conglomerate should make the decision. This way an artificial restructuring of the group would be avoided.</p>

8.	<p>If you feel there are <b>overlaps between reporting frameworks</b>, have <b>recent changes</b> to the supervisory reporting requirements in any way <b>improved</b> the situation? Please provide specific examples.</p> <p>There have been no significant improvements. On the contrary, in some members states the introduction of the audit of SFCR, as well as audit requirements for supervisory reporting, not originally regulated, has strongly increased costs and complexity while shortening the deadlines.</p>
9.	<p>In your view, <b>how</b> should the <b>issue of overlaps</b> between reporting frameworks be best <b>addressed</b>?</p> <p>Firstly, for any new regulation or reporting requirements, an explicit part of the process should require an assessment and avoidance of overlaps. For existing regulation and a 'yearly call for input' regarding overlaps could be considered. Improved communication/coordination between the regulating institutions and Commission departments is also needed.</p> <p>Consequences of overlaps between reporting frameworks would be best addressed as follows:</p> <ul style="list-style-type: none"> <li>• the removal of all Q4 QRTs on pillar 3 reporting, except QRTs related to Own Funds and SCR/MCR (S.23.01 "Own Funds"), as the required information is too granular and specific and there are no material differences between Q4 and year-end pillar 3 reporting. SCR/MCR and own funds templates only should be required, to be able to assess the solvency position of the insurer in a timely manner. This would allow insurers to be more efficient and, at the same time, provide the NSA the relevant information, without changing the deadlines;</li> <li>• 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.</li> <li>• The duplication of information between the SFCR and the annual reports of insurance companies should end.</li> <li>• adjusting financial stability reporting deadlines so that they mirror the Solvency II Group quarterly reporting deadlines.</li> </ul>

### Inconsistencies

Some stakeholders claim that there are **inconsistencies between reporting frameworks** (e.g. Solvency II and FICOD).

10.	<p>What is your view on this claim? If you agree, please explain and provide specific examples of any such inconsistencies.</p>
11.	<p>In your view, are the definitions used across different reporting frameworks clear and consistent?</p>
12.	<p>If you agree that there are inconsistencies, do these inconsistencies in any way affect your company in practice? How do you currently deal with any such inconsistencies?</p>
13.	<p>In your view, what would be the best way to remedy any inconsistencies between reporting frameworks?</p> <p>Insurance Europe believes that communication on a regulatory level regarding these inconsistencies would be beneficial. Because in practice, insurers often have specialists in the different reporting frameworks which are dealing with a specific framework and it is rather difficult to rapidly spot the inconsistencies.</p>

In order for requirements to be effective and relevant, Insurance Europe believes Solvency II reporting should be the only group level reporting requirement for insurance-dominated financial conglomerates.

In addition, a better coordination of the different prudential supervisory practices adopted at national level would be beneficial, since the inconsistencies between the different reporting frameworks that stem from them, as for example those that relate to the application of group supervision under the Solvency II regime, can have a significant (operational) impact especially for insurance-lead financial conglomerates.

Article 213, paragraph 3, of the Solvency II Directive (2009/138/CE) provides that, in the cases referred to in points (a) and (b) of paragraph 2 of Article 213, where the participating insurance or reinsurance undertaking or the insurance holding company or mixed financial holding company which has its head office in the Union is either a related undertaking of, or is itself a regulated entity or a mixed financial holding company which is subject to supplementary supervision in accordance with Article 5(2) of Directive 2002/87/EC (the Financial Conglomerates Directive, FICOD), **the group supervisor may, after consulting the other supervisory authorities concerned, decide not to carry out the supervision of risk concentration referred to in Article 244 of this Directive, the supervision of intra-group transactions referred to in Article 245 of this Directive, or both, at the level of that participating insurance or reinsurance undertaking or that insurance holding company or mixed financial holding company.**

Such a provision does not require however the supervisory authority to conduct an 'equivalence' assessment between the Solvency II regime and the FICOD regulatory framework as regards to the provisions on the supervision of risk concentration and of intra-group transactions. It is in fact paragraph 4 of Article 213 which explicitly further clarifies that where a **mixed financial holding company is subject to equivalent provisions under this Directive and under Directive 2002/87/EC**, in particular in terms of risk-based supervision, **the group supervisor may, after consulting the other supervisory authorities concerned, apply only the relevant provisions of Directive 2002/87/EC** to that mixed financial holding company.

It derives that Article 213, paragraph 3, aims to avoid duplications and to favour a coherent and consistent application of the relevant different reporting frameworks without requiring the supervisory authorities to perform specific assessments. **Different has been instead the practical implementation of Article 213 of the Solvency II Directive by the Italian Institute for the Supervision of Insurance (IVASS)** through the enactment of Regulation no. 30 of 26/10/2016 laying down provisions on the supervision of intra-group transactions and concentration (the IVASS Regulation), **which introduces an "equivalence" requirement as regards to the reporting requirements on intra-group transactions and risk concentration.**

More precisely, Article 12, paragraph 4, and Article 23, paragraph 2, of the IVASS Regulation provide that, respectively, the reporting requirements on intra-group transactions and risk concentrations do not apply to the ultimate Italian parent company of an insurance-lead financial conglomerate, which is subject to supplementary supervision in accordance with the FICOD and to **equivalent reporting requirements**. However, the reporting requirements on intra-group transactions and risk concentrations under the Solvency II regime and the FICOD regulatory framework **differ on many aspects**, e.g. as regards to the **content (also due to the additional information requested by the Italian supervisor, which also acts as the coordinator for insurance-lead financial conglomerates according to the FICOD)**, deadlines and templates by/through which the requested information have to be transmitted, and as a consequence the requirement of an "equivalence" assessment is impossible to be carried out in practice, thus creating unnecessary administrative burdens for the Italian insurance companies due to a situation that the Solvency II regime would have avoided.

#### Lack of proportionality

14.	In your particular case, have the <b>exemptions</b> foreseen in Solvency II been <b>properly applied</b> by national supervisory authorities? If you feel they have not, please explain and provide examples.
	The use of limitations and exemptions from reporting differs widely between the different member states. In 2016 limitations and exemptions were only granted in 10 member states, whereas 21 member states did not grant any limitations and exemptions. Even the national authorities of those ten states do not use these exemptions to their full extent (for the smallest 20% of companies) from quarterly and item-by-item-reporting, hence proportionality is not

	<p>sufficiently reflected. In consequence, smaller undertakings have to fulfil highly demanding reporting requirements which results in excessive compliance costs. Therefore, national supervisory authorities should be obliged to grant exceptions if the conditions for exemptions are met.</p> <p>In addition, there is also another lack of proportionality regarding the use of limitations and exemptions for smaller undertakings: Even if they would be exempted from quarterly reporting, as part of a group they would have to produce the data for group reporting. Consequently, there would be no benefit for them from the use of limitations and exemptions. In <b>Germany</b> undertakings are often rejecting the offer of the national supervisor of using limitations and exemptions because of this reason.</p> <p>In the <b>UK</b>, the requirements for external audit of the SFCR by smaller undertakings have been relaxed. Also for smaller undertakings, the regulator has replaced the formal application process for Article 35(6) quarterly reporting waivers with a waiver by consent. However, it has provided no steer on the eligibility criteria for Article 35(7) item-by-item waivers; no UK undertaking has been granted one of these to date.</p> <p>The <b>Danish</b> supervisor has allowed exemptions for 20 % of the market.</p> <p>In <b>Austria</b>, in general there was also no need to report in case the materiality threshold was not reached.</p> <p>The <b>Swedish</b> supervisor, regarding the RSR, does not apply the possibility to allow undertakings to only report material changes as foreseen in Art 312(3) in (EU) 2015/35 Delegated Regulation. While this article states that undertakings should submit a report, which sets out any material changes that has occurred over the given financial year, the Swedish supervisor expects undertakings to report an “abbreviated” RSR for those years even if no material change has occurred during the financial year. This is very burdensome, as it requires nearly the same effort as producing a complete RSR report. Insurance Europe believes it should be clarified that no such RSR report for those years should be submitted, unless material changes have occurred during the financial year.</p> <p>In <b>Denmark</b> some undertakings noted that the term “material changes” in Art 312(3) in (EU) 2015/35 Delegated Regulation can be arbitrarily interpreted and often preparing these reports require as much work as preparing the full report.</p> <p>In <b>Italy</b> undertakings are not entitled to any exemption with regard to the RSR, even though the Solvency II EU legislation requires to provide to NSA the RSR at least every 3 years, unless the NSA requires it more frequently. In the case of Italy, the NSA required to provide the RSR yearly.</p>
15.	<p>If you believe that you were entitled to such exemptions and they were not granted, did the NSAs provide any justification for not applying them?</p>

#### Gold-plating/ad hoc requirements:

16.	<p>Are you required to fulfil any <b>supplementary national supervisory reporting requirements</b> i.e. added on top of the EU-level requirements? If yes, which requirements and for which Member States?</p> <p>In <b>Denmark</b>, some of the Solvency I reporting still exists. In addition, Danish undertakings have to report sensitivity analyses each quarter. Furthermore, the SFCR has to be in Danish so these parts have to be translated from English.</p> <p>In <b>Finland</b>, in addition to financial accounting reporting, undertakings are required to report detailed information for the ‘motor third party liability and the ‘workers compensation’ lines of business. On the positive side, the Finnish supervisor has deleted several accounting reporting templates when Solvency II became applicable, for example triangle based reporting in accounting framework was deleted since the triangles are reported already in Solvency II templates.</p> <p>National authorities in <b>Germany</b> still require <b>additional data</b>, even though Supervisory Reporting under Solvency II requires a vast amount of data to be reported, for example regarding the development of investments. This information has to be submitted in specific formats which differ from the QRTs to be</p>
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submitted under Solvency II. This creates additional complexity as different reporting systems have to be used and maintained. It remains unclear whether those national data requirements are necessary besides Solvency II reporting.

Further examples of national supervisory reporting requirements in addition to those in EU legislation for a specific financial entity/ product:

- **Additional national reporting requirement in Germany which requires a breakdown of all assets**, directly and indirectly held (“Nachweisung 675”) although similar information is reported in the Solvency II QRTs on assets.
- National enhancements to the XBRL taxonomy. **the national central bank established additional validation rules** to validate data for ECB insurance statistics. Those additional validations needed to be implemented and tested by undertakings, which added to implementation cost. They also increase the running cost as it has to be ensured that they are observed and if nonetheless validation errors occur, corrections become necessary.

Further additional requirements:

- External auditing: the German supervisory authority requires an external audit of the following aspects:
  - Balance sheet with all assets, liabilities and corresponding valuation and calculation methods

**In Ireland:** The local regulator requires the production of a number of additional National Specific Templates (NSTs), some of which contain large amounts of granular data. During 2018 some of these requirements changed, sometimes with tight timelines, which was challenging in terms of managing systems development. In addition, the local regulator requires “best-practice checks” in respect of certain QRTs which can be onerous compared to the EIOPA requirements.

**In Italy,**

- A large part of the previous supervisory templates (at solo level) sent to the NSA were maintained under the name of ‘Additional information to the financial statements’ or have been included in the ‘Statistical Information’.
- The ‘half-year report for the single insurance companies’ which was required only for supervisory reasons (only sent to the NSA) is still required in a simplified form (only P&L and related disclosure), even if supervision is now performed under the Solvency II framework.
- The NSA requires, in addition to the quantitative reporting (QRTs), a quarterly qualitative report on the main drivers of the change in the own funds and SCR,
- Additional technical controls are performed by NSAs and it would be useful if the NSAs could share the additional national controls performed, in order to define a unique framework.
- The introduction of the external audit requirement for the SFCR has strongly increased costs, complexity and it has shortened deadlines.
- For every informative flow that should be provided to the Supervisory Authorities, the Italian National Regulation (Reg. 38/2018 IVASS) requires an integrated framework of internal controls, leading to additional costs.

**In Sweden,** there are extensive supplementary supervisory reporting requirements for insurers. In fact, insurers still have to report most of the templates that were used before Solvency II. These templates include information on eg premiums, own funds and the amounts of holdings of different assets. In addition, for mixed insurance companies (with business under both Solvency II and IORP) the Swedish supervisor requires once a year a balance sheet reporting, including own funds reconciliation.

**In the UK,** the regulator requires the production of a substantial number of additional templates. Whilst the regulatory benefit of some national specific reporting is appreciated, much of the information required within the National Specific Templates appears to be overly granular – reporting by fund and line of business being two such examples.

Undertakings required to complete additional national specific reporting for multiple local regulators frequently note that there is very limited consistency between different regulators’ requirements.

	<p>From the perspective <b>groups active in different member states</b>, the picture is heterogenous throughout the group.</p> <ul style="list-style-type: none"> <li>• There are member states where the supervisor sets additional requirements (eg KNF in Poland requires quarterly reporting of a recalculated SCR) while other member states do not set additional requirements. These differences in requirements across member states are an additional challenge for groups as it adds additional burdens to the ambition of some groups to standardise the reporting process.</li> <li>• In addition, several supervisors request a full RSR from entities within the group (eg Hungary, Czech Republic, ...) while Solvency II only requires a full report once every 3 years.</li> <li>• The fact that several discussions are on-going with national regulators about the interpretation of the reporting of different fields (eg reporting of negative net asset values) adds additional complexity.</li> </ul>
17.	<p>How do you currently <b>deal with</b> such <b>additional requirements</b>? What is the <b>specific impact</b> of such additional requirements on your company (in terms of internal processes, IT system requirements, staffing, etc.)?</p> <p>Insurance Europe highlights that the additional reporting requirements are a significant burden, requiring substantial effort in the same period as the EIOPA reporting requirements are also being handled. Producing additional information that had to be reported before Solvency II implementation is not always particularly expensive in terms of systems for undertakings that already sent this information in the same format to the NSA. It is however expensive in terms of time and FTE needed to fulfill these requirements, and there is a substantial governance / approval burden for the AMSB and related committees. In the <b>UK</b>, the supervisor has recently required that its (substantial) additional requirements are submitted in future in XBRL format, and this has resulted in considerable additional system costs.</p> <p>While it is appreciated that there may be genuine local market features that might justify the need for additional information submitted to NSAs, Insurance Europe does not believe that the current approach is proportional given the volume of information already reported at European level. There is a risk that NSAs see national specific templates as an opportunity to gather information received under previous capital regimes but not required under Solvency II.</p> <p>Where supplementary national specific templates are required, there should be a <b>requirement for the NSA to provide a clear rationale for the need to produce the information</b>, with a <b>demonstration of the benefits</b> that it provides and insight into how the data is ultimately used. As with QRTs, where the information is of no practical use, the templates should not be required. Except in instances where local market features do lead to a genuine need for additional information to be provided in order to fulfil the objectives of the NSA, we would expect the information reported within the Solvency II QRTs to be sufficient.</p>
18.	<p>Have you been subject to any <b>ad-hoc data requests</b> from your national supervisor? If yes, for <b>what data and from</b> which NSAs? Please provide concrete <b>examples. How often</b> are such ad-hoc requests made? What <b>specific impact</b> do they have on your company? Was it possible to use the information/templates already available in-house in order to fulfil them?</p> <p>In the <b>UK</b>, undertakings receive requests for information from the regulator on a regular basis; however, these requests are generally either thematic and industry wide in nature, or as a result of the activities of the business. It would be expected during the ordinary course of business in such a highly regulated industry. Recent examples of ad hoc requests include:</p> <ul style="list-style-type: none"> <li>• High-level IFRS16 impact assessment (not based on existing data).</li> <li>• Additional bespoke capital solvency measures (not based on existing data).</li> <li>• Intragroup transactions and risk concentrations (90% based on QRT data).</li> </ul> <p>Furthermore, plausibility questions are asked by the NSA, which appear to be based on validations that go over and above the validations included in the EIOPA taxonomy. Insurance Europe believes that it would be helpful for NSAs to share their plausibility tests to facilitate a more efficient process.</p> <p>In <b>Finland and Denmark</b>, the ad-hoc requests have been data requests from EIOPA.</p>

	<p>In <b>Sweden</b>, the Swedish NSA had some ad-hoc data requests, some of them were initiated by data requests from EIOPA. These requests have included information (data) about Loss Absorbing Capacity of Deferred Taxes and the calculations of Technical provisions.</p> <p>In <b>Austria</b> in most cases the ad-hoc data is simply a request for more detailed information eg:</p> <ul style="list-style-type: none"> <li>• information on all new life contracts and non-life contracts,</li> <li>• detailed changes on participations, loans and credits – comparison between previous years (in case of significant increase/decrease)</li> </ul> <p>The information in the templates themselves was not always deemed sufficient, however the insurer could make use of information available and used for preparation of the reporting templates. However, coordination costs to gather the requested information still remain.</p>
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## Session II: Follow-up to the public consultation – Process-related matters

### Double reporting within financial conglomerates:

Concerns have been raised about double reporting within financial conglomerates, whereby both the financial conglomerate and the insurance company belonging to the group have to report the same information.

19.	If your company is concerned by these requirements, how do they affect your company in practice? What additional burdens do you face in complying with them?

### Short/misaligned deadlines:

20.	<p>In general, do you encounter any major difficulties in submitting reports/templates within the <b>specified deadlines</b>? If yes, please provide concrete <b>examples of instances</b> where the deadlines are too short, <b>misaligned</b> in terms of <b>timing</b> or <b>incommensurate</b> with the <b>data gathering</b> effort required?</p> <p>There are strong concerns about the current reporting deadlines and the foreseen acceleration of deadlines. To date, insurers have managed to meet the current 6 weeks quarterly reporting submission deadlines however, the acceleration of the timelines to 5 weeks <b>for quarterly reporting</b> will increase the risk of not being able to submit in time. <b>Therefore, the 2018 timetable should apply, and there should be no further shortening of the current reporting deadlines.</b></p> <p>Insurance Europe notes that the deadlines are challenging:</p> <ul style="list-style-type: none"> <li>• as no consideration is given to any public holidays that fall within the reporting cycle. Insurance Europe believes 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.</li> <li>• For the Nordic 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.</li> <li>• 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.</li> <li>• the fact that EIOPA does not publish the interest curve earlier, implies that each month insurers run the risk of having to recalculate.</li> </ul> <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</p>
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	<p>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. <b>Therefore, Insurance Europe believes that the 2018 timetable should apply, and there should be no further shortening of the current reporting deadlines.</b></p> <p>Furthermore, the requirement to provide every three months the QRTs is time-consuming and very expensive in terms of FTEs, given that the current supervisory framework (Solvency II) 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>For a group:</p> <ul style="list-style-type: none"> <li>• <b>Solo reporting event:</b> deadlines are really challenging. Different workstreams are responsible for the delivery of the templates and specific steps that need to be made in order to deliver the final data. The delay in one workstream means a delay in the whole process. The technical provisions, balance sheet and premium, claims and provisions are delivered first. Own funds data can be final at the <b>earliest 3 to 4 working days</b> before the reporting deadline. Final validations are performed afterwards.</li> <li>• <b>Q4 Reporting event:</b> Fast close data has to be used. When the final data becomes available a re-submission of the Q4 reporting event occurs, which results into additional coordination and monitoring costs.</li> <li>• <b>RSR &amp; SFCR 2020:</b> In the specific case of a group using a single SFCR for the group and the business units. While during the transitional phase the reporting deadline of the group is relevant for the single group SFCR, this changes after the transitional period. Then the solo reporting deadline becomes relevant. Having a group SFCR ready at solo reporting deadline is unrealistic and hence it will no longer be possible to have a single group SFCR after the transitional period.</li> </ul>
21.	<p>What <b>actions</b> do you take to be able to comply? Is the <b>quality</b> of the submitted <b>data</b> in any way <b>affected</b> by the tight/misaligned deadlines?</p> <p>The drive to accelerated deadlines does have a price in terms of lower quality or curtailed reviews. The requirement to submit high quality data to the regulator and the associated governance which needs to run alongside is time consuming, and resources need to be directed towards these tasks in order to meet the requirements within the deadline. There is therefore an opportunity cost, since this resource is not available elsewhere within the business.</p> <p>In order to <b>comply with the requirements of shortened deadlines</b> undertakings did the following:</p> <ul style="list-style-type: none"> <li>• More FTEs are allocated in the process for the supervisory reporting.</li> <li>• The processes for the preparation of the reports/templates as well as the decision-making process by the management and board have been adapted. These changes have led to significant costs for the insurers.</li> <li>• Within insurance undertakings, the topic of shortened deadlines is constantly discussed in relevant meetings/committees to raise awareness. Each workstream within the insurance undertaking is looking to optimise their process and deliver earlier.</li> <li>• Insurance undertakings have documentation, defining the steps in the process, and is to be followed strictly.</li> </ul> <p>The quality of the <b>data is affected</b> in the following way:</p> <ul style="list-style-type: none"> <li>• Shorter deadlines will have a negative impact on the possibilities for analysis and control. This could lead to lower quality of the submitted data (and templates/reports).</li> </ul>

	<ul style="list-style-type: none"> <li>• Sometimes data quality is affected in order to be able to comply with deadlines, in particular for the list of assets and reinsurance information (share of reinsurers, internal reinsurance). The tight deadlines increase the use of proxies in calculation models, because with proper, more detailed calculations the process would take too much time and the deadline would not be met.</li> </ul>
22.	<p>According to many stakeholders, <b>Q4 reporting</b> is excessively burdensome and redundant in light of the end of year reporting. What is your view on that? Is the <b>incremental effort</b> needed to produce Q4 reporting very significant given that the underlying information needs to be produced anyway for the end of year reporting?</p> <p>Insurance Europe agrees with this statement, the effort for preparing Q4 reporting is even higher than for any other quarterly reporting, as most of the reported data is not final. Therefore, Q4 reporting could cause misinterpretations as it has to be done on preliminary figures due to tight reporting deadlines. There is considerable overlap with other reporting requirements, supervisory authorities already receive the Q4 information via the annual report the Q4 reporting does not create added value for supervision.</p> <p>In general, for an insurance undertaking, the Q4 reporting timeline is as follows:</p> <ol style="list-style-type: none"> <li>1. Q4 reporting 2017 - Fast close on reporting data</li> <li>2. YE reporting 2017 – final reporting data</li> <li>3. Q4 reporting 2017 – resubmission of data</li> </ol> <p>Therefore, the Q4 reporting event loses its ‘meaningfulness’ and is in fact redundant and Insurance Europe proposes the removal of this requirement. 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. While the production of the information required for Q4 reporting would likely continue to be generated for the purpose of populating the annual QRTs, there would be a significant saving in relation to the governance activities that would no longer be required if the Q4 requirements were removed.</p>
23.	<p>What are your views on the <b>deadlines</b> for <b>implementing</b> any <b>new</b> or <b>modified</b> supervisory reporting <b>requirements</b>?</p> <p>Insurance Europe believes that new or modified reporting requirements should be communicated as soon as possible and no later than three months in advance of the insurance and reinsurance undertakings’ financial year end (similar to the notification of the frequency of the RSR according to Guideline 23 of the EIOPA Guidelines on supervisory review process (EIOPA-BoS-14/179 EN).</p> <p>Furthermore, 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 could be to launch taxonomies by Q1 and not in Q4, as is currently the case.</p> <p>For some undertakings, the timing of the annual taxonomy updates allows for sufficient review, development and implementation, although it would be helpful if User Acceptance Testing windows for new reporting packages were communicated more clearly. EIOPA’s proposal to issue taxonomies in the end of July would really help insurance companies with implementing the adjusted framework (new validations, additional tables in SFCR etc.) on time. Opening the PWD on 01.05 would also be beneficial for company’s analysis. A 6-month window from the publication date to the first reporting reference date is considered reasonable, and should be adopted as a minimum. Concrete examples where the requirements were published too late:</p>

	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The EIOPA Supervisory Statement (EIOPA-BoS/17-310) which provided feedback on SFCRs was published very late (18 December 2017); implementing the requested changes was challenging. We would like to see such publications released on a timelier basis ahead of implementation.</li> <li>• In the <b>UK</b>, the NSA provided technical information on its XBRL-related changes only 3 months prior to the end-2018 reporting date, with the User Acceptance Testing window not being made available until much later.</li> </ul>
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### Parallel reporting processes:

Supervisory reporting to NCAs/NSAs and EU-level supervisory authorities is currently organised into different, parallel processes across the different reporting frameworks, with different data flows. For example, data is submitted: from the reporting entity to the NCA/NSA and forwarded to the EU supervisor (e.g. CRR/CRD4, Solvency II); from the reporting entity to a designated third-party and forwarded to the NCA and the EU supervisor (e.g. EMIR, but also under implementation for SFTR), etc.

24.	<p>Are you <b>affected by such parallel reporting systems</b> when complying with supervisory reporting requirements? If yes, how do they affect your company in practice? In your view, what are the relative advantages and disadvantages of the different approaches to the reporting of data from the point of view of complying with your reporting obligations?</p> <p>In <b>Austria</b> for example, one insurance group is receiving feedback from the local NSA and the local central bank. There were very few requests from the EU-level supervisory authority. However, this also means that one insurer receives request from two different institutions on the same data. This results in ad-hoc activities, which are very difficult to plan.</p>
25.	<p>Do you see any <b>disadvantages</b> with the <b>sequential approach</b> to reporting (i.e. to the NSA which then forwards the data to EIOPA) within Solvency II?</p> <p>Insurance Europe believes that it would be helpful to submit a single XBRL file to the NSA (for each reporting entity), rather than separate submissions for the QRTs and the separate reporting to the NSA.</p> <p>Some insurers believe the sequential approach is fine, as long as communication is only with the first element of the sequence, in this case the NSA. The sequential transmission of data under Solvency II allows NSAs to review national data before submitting it to EIOPA – this means EIOPA is more likely to receive quality data. The disadvantage is that EIOPA might raise queries significantly later, (nearly a year later in some instances).</p>
26.	<p>What <b>changes</b>, if any, to the current reporting processes applicable in your case could facilitate complying with your reporting obligations?</p> <p>The industry believes that EIOPA's proposal to establish a 'minimum -principles based - standard for re-submission' would improve the reporting process. Furthermore, a deadline for receiving feedback and requests from the local supervisory authorities would also help planning the resources.</p>

### Session III – Streamlining supervisory reporting requirements

27.	In your view, what is the <b>best way to address</b> the <b>identified issues</b> ?
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**This response summarizes the key suggestions proposed throughout the responses. Insurance Europe will engage with its members in the coming weeks and months to come up with further proposals that would allow a further streamlining or improvement regarding reporting requirements.**

- The **2018 reporting timelines should remain the standard**, no further acceleration of the deadlines should take place. (see question 20)
- 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.** Public reporting should be completely revised. Punctual rework in some areas should be avoided. Insurance Europe suggests defining a new approach instead: **one report per addressee.**
  - First, the information all addressees need should be defined:
    - What kind of information (and how) do the **policyholders** need?
    - What kind of information (and how) do the **analysts** need?
    - What kind of information (and how) do the **supervisory authority** need?
    - What kind of information (and how) does the undertaking need for internal processes?
- **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 thresholds** in order to be more efficient and increase simplification
- **Accept minor deviations** for the **validations** of the reporting templates (see question 4)
- Remove reporting requirements that overlap with EMIR reporting.

Proposals regarding Taxonomy:

- **Limit the information** for those **assets and investment funds** that have **ISIN codes** (see question 2)
- **Increase the threshold for requiring resubmissions** (see question 4)
- 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

	<p>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.</p> <ul style="list-style-type: none"> <li>• Launch new taxonomies for Q1 instead of Q4 (see question 23)</li> </ul> <p>Further proposals:</p> <ul style="list-style-type: none"> <li>• Discussing the possibility to have a single reporting system across supervisors and companies, as currently all IT costs are borne by the insurance sector.</li> <li>• EIOPA/NSAs should continue to issue additional information. In the industry's view, the most useful "instruments" are: <ul style="list-style-type: none"> <li>◦ 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)</li> <li>◦ Q&amp;As – regular updates on Q&amp;As of the reporting templates</li> </ul> </li> <li>• Extend the timelines for responding to a call for input and PWDs.</li> <li>• Conducting yearly workshops/discussions with the industry.</li> <li>• 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).</li> <li>• Explore the possibility to modify the framework of the calculation of the Technical Provisions in order to find synergies between Solvency II and IFRS17;</li> </ul>
28.	<p>Which <b>amendments</b> to EU-supervisory reporting requirements would yield a <b>real reduction of compliance costs/burdens</b> without reducing the value of the reported data?</p> <p>Insurance Europe believes that most amendments proposed in response to the previous questions would lead to a reduction of compliance costs/burden without reducing the value of the reported data.</p> <p>For details please refer to the responses to the previous questions, in particular question 27.</p> <p>Insurance Europe supports the removal of any information within the Solvency II reporting requirements for which the regulator does not have a genuine use.</p>
29.	<p>Are there any <b>elements</b> of the <b>existing</b> supervisory <b>reporting requirements/system</b> that you would prefer to see <b>unchanged</b> (e.g. changes which in your view risk creating new costs or burdens that would outweigh the expected benefits)?</p> <p>As noted elsewhere in the response, change is a key driver of cost within the reporting process, and therefore Insurance Europe would be reluctant to see any change that does not lead to a tangible reduction in the reporting burden. If changes are to be made, they should focus on reducing or removing reporting requirements altogether, not merely changing their format.</p> <p>With regard to keeping existing requirements unchanged, Insurance Europe notes the following:</p> <ul style="list-style-type: none"> <li>• Insurance Europe believes that the balance sheet and Own Funds QRTs provide a helpful snapshot of an entity's capital position, and so should not be changed.</li> <li>• Changes of the reporting requirements should not lead to more ad-hoc data requests. Ad-hoc data requests are usually much more burdensome and costlier than regular reporting. In addition, EIOPA should concentrate on the validations in the QRTs (like in Taxonomy 2.3) and keep changes to the templates itself at a minimum. Even a small change in the templates results into communication and IT costs. It also leaves space for possible mistakes, as there are a couple of systems that need adaption to this kind of change.</li> <li>• Once the appropriate changes proposed are performed, Insurance Europe believes that reporting requirements should remain stable and in particular new requirements should be avoided. The changes in the reporting requirements performed during the last years have led to large costs. Supervisors</li> </ul>

	and other stakeholders should thoroughly analyse the data they have collected, and the industry believes it would be helpful to get rationales for the different detailed reporting requirements, ie where the detailed information is used for.
30.	<p>In your view, what are the <b>priorities for action</b>? Can you recommend any possible <b>short-term fixes</b>? What should be done in the <b>longer-term</b> perspective?</p> <p>Possible <b>short-term</b> fixes would be:</p> <ul style="list-style-type: none"> <li>• The issues mentioned in the response (in particular in response to question 27) are important and should be prioritised</li> <li>• In particular freezing the timelines set for 2018, these should be the permanent standard for future periods. This should get the highest priority</li> </ul> <p>In the <b>longer term</b>:</p> <ul style="list-style-type: none"> <li>• a holistic review of the reporting templates to identify data that is redundant to the regulator, with the subsequent removal of those redundancies, would be hugely beneficial and has the potential to significantly reduce the reporting burden.</li> <li>• set-up of a common dictionary for financial language, endorsed by EU for what concern the different reporting framework (not only supervisory reporting, but also, for example, public disclosure).</li> </ul>
31.	<p>A number of stakeholders have suggested the <b>need for a common financial language</b> (i.e. common financial data dictionary with common definitions) in supervisory reporting. What is your <b>view</b> on this suggestion? If you agree, what role do you see for a common financial language in supervisory reporting? What benefits could it bring? Are there any drawbacks?</p> <p>While Insurance Europe supports the idea of having a common financial language, this is not the highest priority. In fact, Insurance Europe believes that this is what the Annexes to the Implementing Technical Standards should be; however, the usefulness of these documents is diminished due to the way in which changes are made. There are currently multiple sources of additional guidance (the various Q&amp;As) which, while useful in principle, are often not easy to interpret. A common financial data dictionary would alleviate some of these issues, particularly if it acted as a single reference point for all of the reporting guidance. If it were to be done, it would be preferable for it to do so via harmonisation of taxonomy, rather than any front-end impact on industry users.</p> <p>The drawbacks of a common financial language would be related to communication and adaptation costs that would come with every update of the data dictionary. Insurance Europe believes that an impact analysis on what can/would change would be a good starting point.</p> <p>Insurance Europe believes it could be helpful to use uniform definitions, as different interpretations and translations often result in difficulties and higher costs, implementing a common financial language would also imply that it is no longer necessary to transfer accounting data into Solvency II lines of business, as it is currently the case according to Art 293 (2) of the Delegated Regulation. Moreover, a common financial language would improve transparency on the different requirements applied in different member states, and thereby increase comparability of national implementation of European requirements and of additional national requirements. It is however a prerequisite is the common financial language is used in all member states in the same way;</p> <p>In particular, NSAs should not have diverging interpretations or translations. Often, NSAs across member states use translations which deviate from the original meaning, making it burdensome for undertakings to understand reporting requirements and identify the requested information. Simultaneously, it has to be taken into account that different financial sectors and products have very specific characteristics which makes it necessary to obtain specific information about them. Therefore, a common financial language should be very precise.</p>