

Response to EC common data dictionary discussion paper

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Related documents: [EC common data dictionary discussion paper](#)

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General messages

The insurance industry welcomes the opportunity to contribute to the discussion paper on the common data dictionary.

In terms of approach:

- Compared to other financial sectors, the insurance industry is still in the early stages of implementing a common data dictionary.
- The insurance sector still needs to look into the need for a common data dictionary and into the potential requirements.
- A staged approach is the most realistic way to develop a common data dictionary for the insurance sector.
- **A feasibility study/cost-benefit analysis would be the first step for the insurance sector.** This would assess the costs, benefits and challenges of developing a common data dictionary for the insurance sector.
 - It is important to note that companies were required to implement many changes to their Solvency II supervisory reporting recently, driven by the SII 2020 review and the amendment of the ITS of reporting and disclosure (effective for Q4 2023 and onwards).
- If it is deemed beneficial for the insurance sector to have a common data dictionary, the possibility of a cross-sectoral common data dictionary should be considered.
 - It should be noted that for insurance reporting there is a relatively limited overlap with other financial sectors and, where there is an overlap, alignment is already foreseen (eg, the European Central Bank add-ons) or is being considered.
- Finally, the industry supports the following stated objectives of the common data dictionary:
 - Streamlining the current methodology for defining reporting requirements and data collection
 - Addressing redundancies and inconsistencies in the requirements
 - Addressing the compatibility of EU supervisory reporting requirements with contemporary technological advancements and their alignment with modern IT tools

Further important considerations:

- **Supervisory powers could increase and this should be mitigated.** This is particularly relevant, as the discussion paper recognises the potential of the common data dictionary to be a catalyst for integrated reporting which includes facilitating data sharing and reuse, establishing a centralised data-collection point and standardising interfaces for accessing data collected by different regulatory authorities.
To this end, establishing clear and transparent rules on how supervisors can use the data in the common data dictionary is vital. This is of critical significance for the insurance industry and Insurance Europe advocates the implementation of protective measures for data, accompanied by a precise categorisation of data types and sensitivity levels. It is imperative to clarify whether the data predominantly comprises aggregated data points or incorporates more sensitive data. A comprehensive understanding of the nature of the data is indispensable for well-informed discussions.
- **Coordination:** this should take place to the maximum extent possible with the industry and other stakeholders.
- **Proportionality:** the dictionary should work for insurers of all sizes and risk profiles.
- Flexibility is also important so that the data dictionary can be tailored to the specific characteristics of the insurance sector.

1. What is the main purpose of the common data dictionary? What is the relative importance of the listed use cases for your organisation?

Insurance Europe deems the “Interpretation of reporting requirements” and “Verification if certain data is already being collected” use cases as particularly relevant. However, regarding the first use case, we are not sure if a data dictionary can provide the clarity needed. Besides the two use cases mentioned, it is also essential to provide a clear understanding of how to interpret the individual reports (use case no. 5). It is important to strike the right balance between being appropriate for the different industries within the financial sector and reflecting the specific characteristics of sectors.

2. What other use cases for the common data dictionary, if any, should be considered?

The aspect of clarity is very important, in particular when considering other potential use cases for the common data dictionary. As a first step, the process of clarifying the reporting hierarchy within the proposed concept is essential.

3. Are the presented components of the data dictionary all necessary? Which components are missing?

It is important to clarify:

- how the data dictionary would/could be used by undertakings; and,
- how data dictionary will interact with existing reporting tools (for insurers, DPM and XBRL taxonomy).

4. Are the presented components defined correctly?

See Q3

5. *Is there any way to prioritise the implementation of the components (e.g. staged approach)? If there is, in what order?*

Looking at the sample concepts illustrating the relevant content of the glossary on pp.17-18, Insurance Europe's initial assessment is that these may be too granular and could potentially become too extensive. Therefore, a staged approach is deemed necessary to allow for a gradual expansion.

6. *Are the general requirements on the data dictionary in this section complete? Are they sufficiently precise to serve as guidance for the development of the dictionary? If not, how can we advance to achieve sufficient precision?*

No comment

7. *How far should we go in building a common dictionary that applies across sectors? What approach should be taken to develop it and what role should different stakeholders play? To what extent should the approach be cross-sectoral as opposed to the current staged approach that starts with sectoral dictionaries?*

- If assessed as being useful from an insurance perspective, the dictionary should aim to be comprehensive.
- Looking at the sample concepts illustrating the relevant content of the glossary on pp.17-18, Insurance Europe's initial assessment is that these may be too granular and could potentially become too extensive. Therefore, a staged approach is deemed necessary to allow for a gradual expansion.
- All stakeholders should play a role in developing the common data dictionary. It is important to ensure that the data dictionary meets everyone's needs and is aligned with existing regulatory requirements.

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