

To: Solvency II WG
From: Prudential Team
Date: 11-10-2023
Reference: ECO-SLV-23-174

Subject: Reporting list of questions and inconsistencies identified following survey

Summary

The following document contains an overview with:

- the questions and requests for clarification
- the list of inconsistencies identified.

These were identified in the context of an Insurance Europe member survey on the implementation of the amended ITS on reporting and disclosure and Taxonomy 2.8.0.

A copy of this document will also be shared with EIOPA as agreed in the SII WG of 20 September and as a follow up to the industry presentation on the EIOPA reporting event of 10 October.

List of questions and requests for clarification

- General
 - EIOPA requires a 4-digit NACE code for taxonomy 2.8.0. Data suppliers such as Bloomberg will not change the NACE code, which currently has two digits, to four digits. How should insurers deal with this?
- S.02.01
 - General: Until Dec. 31, 2022, at Group level the Annual Report S.02.01 was compiled according to IFRS4 principles following timelines for annual Group QRT for Financial Stability purposes. In the quarterly QRT S.02.02, the new taxonomy introduces the "Statutory account" column within the QRTs for Financial Stability, where it would appear that values according to IFRS17 are required. It should be noted that timelines for producing and approving IFRS17 financial statements are not aligned with those required for producing the quarterly Financial Stability QRT, particularly for quarterly reporting.
- S.04.05
 - Clarification is requested if the location of the risk depends on the habitual residence of the insured (when different because it has been changed during the policy term). Is the residence to be considered on the reporting date the existing residence or should it remain the residence signalled at the time of the signing of the contract?
- S.05.01
 - Premiums written – Gross – Direct Business - C0010–C0120/ R0110 Clarification is requested on the definition of "charges levied." Question applicable to all fields referring to premiums (written and earned).
- S.06.04
 - General- Can EIOPA provide further instructions for completing the new QRT S.06.04?

- Climate change-related transition risk – KPI- R0010/C0010 and Climate change-related physical risk – KPI - R0020/C0010: Clarification is requested on possible methodologies to be followed for the calculation of KPIs related to physical risk and transition risk.
- Climate change-related transition risk – KPI- R0010/C0010: The EIOPA instructions for calculating the KPI on physical risk indicate as follows: "Proportion of Solvency II value of properties exposed to physical risk, compared to total properties. Companies may use their own methodology to calculate the KPI. The identification of properties exposed to physical risk should be coherent with the identification made in C0190 item in S.06.02."
In addition, EIOPA clarified in a Q&A: "The KPI on physical risk is to be calculated as a proportion of the Solvency II value of property exposed to physical risk, in relation to total of property. Both S.02.01 and S.06.02 are to be used." Following this approach, the calculation would be: (SII value of properties identified with the zip code in field C0190 S.06.02) / (total properties in S.02.01 R0060 and R0080). Please confirm whether this approach is correct.
- S.14.01
 - On S.14.01, logs are confused, for example, on the average age to consider for "remaining contractual maturity."
 - Remaining contractual maturity - C0142 - Confirmation is requested that in cases where there is no predefined contract maturity, the "average remaining life expectancy" corresponds to the average life expectancy of the insured calculated according to the age at the valuation date (e.g., in the case of a 65-year-old person, the average remaining life expectancy is 24 years (5: $x > 20$ years) while for an 85-year-old person it is 7.5 years (2: $5 \leq x < 10$).
If this interpretation is confirmed, it is requested to clarify the cases in which the option "6 - for life" should be used.
In addition, clarification and examples are requested on the calculation of this field for: i) products containing both deferred and in pay-out phase annuities; ii) policies with automatic renewal. We also ask if, in correspondence, of run-off contracts (as per the Closed List provided in the column 'Product still commercialized? - C0130) we are supposed to leave the cell blank.
Finally, clarification is requested on the interpretation of intervals (e.g., should products with a contractual term of 10 years be classified as 2 or 3?).
 - Total amount of commissions paid during year - C0071: Clarification and examples are requested on the types of commissions to be considered (purchase/revenue commissions, retention commissions, both types, other).
 - C0270 Exit conditions at reporting date - We ask to clarify the meaning of the expression "notice required".
 - Amount on which interest rate is guaranteed - C0280: Clarification is requested as to what is intended with "monetary value at the reference date", especially regarding the amount to which the guaranteed interest rate is to be applied (insured benefit, mathematical reserve, other?).
 - Product ID code - C0010:
Clarification is requested on how this field is to be filled in and whether, in continuity with the submissions made for 2022, a field constructed as follows is intended:
 - {ACTE code}_{Product code}_{tariff code}/+/{version number}{letter}.
 - For example:
 - A_19003_9999/+/1b1 - Class III product marketed by the company before December 21, 2012, in a single version, bound by an internal fund
 - C_46_3057/+/1c306 - Class III product marketed by the enterprise after December 21, 2012, in a single version, bound by an external fund
 - C_27_3037/+/1a1 - Class I product marketed by the enterprise after December 21, 2012, in a single version, linked by a separate management
 - Fiscal treatment of the products - C0055: More interpretative details are requested on the options provided by the field. In particular, confirmation is requested on the following classification: i) all pension products in category 2 ("In case of lapse/surrender past or future tax benefits or other

subsidies are lost"); ii) financial products in category 3 (" Other tax related losses not covered above"); iii) Term-life insurance and LTC in category 4 ("not applicable").

- S.14.02
 - General - Does the requested granularity refer to the individual "product" or to the LOB Solvency, except in the case where it is requested to specify particular products (i.e. fire, assistance, pecuniary losses), which in any case should be shown for their total amount and not individually?
 - Line of Business (1 to 12) - C0010/Number of contracts at the end of the year - C0050/Number of new contracts during year - C0060: Clarification is requested on the definition of a modular product and the consequent way of unbundling premiums and managing the disclosure of the number of contracts following the instructions of the EIOPA Log.
In particular, it is requested if products that have a main guarantee and additional guarantees (that can be activated or not) should be considered as modular product or not; i.e. a home product, with the additional guarantee Private Life Liability, is attributable to LOB SII 07 only?
 - Number of contracts at the end of the year - C0050:
 - 1) When counting the number of contracts, for a contract with guarantees that fall under two different LOBs, is the contract counted in both LOBs?
 - 2) Should only existing contracts as of 12/31 of the fiscal year be reported, or should contracts that had at least one day of validity in the current fiscal year also be reported?
 - 3) Should premiums settled in the year following the year of contract conclusion (example: contract concluded and not renewed on 12/31/2022 and settled in January 2023) be counted with reference to the current year?
 - which Product category - C0020:
Clarification and examples are requested on the level of details for each of the required LoB (7, 11 and 12).
Specifically, confirmation is requested as to if rows should also be entered for the entire LoBs 7, 11 and 12 or only for the detail items (7.1, 11.1, etc.).
 - Number of new contracts during year - C0060:
 - Counting the number of contracts: for a contract with guarantees that fall under two different LOBs, is the contract counted in both LOBs?
 - Should only existing contracts as of 12/31 of the fiscal year be reported, or should contracts that had at least one day of validity in the current fiscal year also be reported?
 - Total amount of commissions paid during year - C0100: We request confirmation on reporting the commission figures only for written premiums (with reference to the figure reported on column C0090 - Total amount of Gross Written premiums - written via insurance distributors other than credit institutions).
 - Total amount of claims paid during the year - C0110:
 - It is requested if "paid claims" includes or excludes recoveries.
 - It is requested if in "claims paid" both claims occurred in the current year and claims occurred in previous years should be considered.
 - For example, in the case o motor liability policy not further in place in 2023 which generated a claim in 2022 and paid in 2023, it is requested if the amount related to the payment of that claim should be considered.
 - Number of insured at the end of the year - C0130 - It is asked if it is correct to count an insured person multiple times if the product is reported on different lines because it has multiple LoB (for example, in the case where there are guarantees) .
 - For the products commercialised under this product category/LOB, which proportion (measured by gross written premiums) covers climate related perils? (0-100) - C0030:
 - Clarification and examples are requested for the purpose of identifying the scope of analysis and on the definition of "climate-related perils"
 - Specifically, we request:
 - if (1) products impacted by the consequences of climate change, (2) products that impact climate change, or (3) both should be considered;

- if there is an exhaustive list of climate-related risks to be considered for populating this field or if it is left to the company to choose which risks to consider;
 - clarification on the methodologies for calculating the required value (percentage of products).
 - if there is a materiality threshold to be taken into account.
- S.14.03
 - General: Confirmation is requested if this QRT should be compiled only if certain conditions are verified (such as premiums > 5 mln or 5% of total business or if the number of contracts > 3% of the total number of non-life business contracts).
- S.14.04/05
 - General:
 - Clarification is requested:
 - On the granularity to be used in compiling the QRT (by Company, by product or family of products, etc.).
 - On the frequency of compilation
 - On any materiality thresholds to be taken into account.
 - Confirmation is also requested if the frequency of QRTs required for Financial Stability is semi-annual.
 - On S.14.04, it is required to specify quantitative data at a level composed of several variables, including fiscal treatment. In France, fiscal treatment may depend on several parameters (age of contract, date of payments, date of subscription, etc.). In fact, most of our contracts are under delegated management. As a result, the data we handle on our side is at an aggregate level (the "code produit comptable"), which is generally associated with a generation of contracts. However, for the same "code produit comptable," there may be several generations of contracts. The same "code produit comptable" may straddle two categories of subscription dates and therefore have two different fiscal treatments, for example. Could you please give us some pointers on how to deal with this?
 - The log concerning the templates S.14.04 & S.14.05 remains insufficient to understand what is expected at a group level. These templates should not be reported by reinsurance companies, but the log does not explicitly explain what happens at a group level when the group owns a reinsurance company without being a reinsurance group.
 - S.14.04: C0230 Line identification: What is the definition of this item?
 - S.14.04: C0074 Administrative expenses: What is the definition of Administrative expenses? Is the definition the same as that of the Administrative expenses in the S.05.01/R1910?
 - S.14.04: C0300 Net Reinsurance flows (receivables - payable) of the period (year to date): Should we report S.02.01 R0270 reporting period -/- S.02.01 R0270 year-end last year? If so, why is EIOPA interested in these figures? In practice, this could mean that we have to report the accrued reinsurance premiums and claims year-end + the reported reinsurance premiums and claims (year to date) which has not been paid to/received by the reinsurer.
 - Line identification - C0230/Line identification (internal portfolio ID) - C0240: Clarification is requested on the content of these fields as they are not included in the descriptive table of individual items related to this QRT.
 - S.14.04 - Cashed Premium - gross (year to date) - C0290: Clarification is requested on the content of the field since the field title (cashed premiums - gross) would seem to require gross premiums, while the LOG describes data net of reinsurance.
 - S.14.05 - Best Estimate - C0180: Clarification is requested on the content of this field and if, as for item C0290 (Cashed Premiums - gross), the value is requested net or gross of reinsurance.
 - S.14.05 - Unearned premium (year to date) - C0310: Clarification is requested regarding the content of this field and, similar to items C0290 and C0180 if it is to be considered net or gross of reinsurance.

- SE.17.01
 - Gross claims paid in the current quarter relating to risks covered before the current reporting period - ER0421/Gross claims paid in the current quarter relating to risks covered in the current reporting period - ER0422: Clarification is requested on the content of the field.
Specifically, it is requested if it is required to differentiate payments on the basis of policy underwriting date, and if this should be applied also on the basis of renewals and new business.

- S.21.01/03
 - The following paragraph is a significant concern for us: This template shall be reported for each material non-life line of Business for direct business, as defined in Annex I to Delegated Regulation (EU) 2015/35, representing a coverage of 90% of the non-life technical provisions. Line of business shall be reported in accordance with the amount of technical provisions, i.e., the line of business with the highest amount of technical provisions.
We were wondering where the 90% threshold was supposed to be applied. On companies with several LoBs, should we report LoBs until we reach a representation of 90% of technical provisions? Is the threshold applied within the reported LoBs, meaning we only have to report the 4 mandatory LoBs?
Our interpretation was the 1st one I mentioned, so we opted for complete reporting (all the NL direct insurance LoBs). Yet, we found this Q&A that was supposed to answer our question but only raises more questions ([here](#)).
The 90% is determined including the accepted reinsurance, so in the case of some direct insurance companies that also run some reinsurance activities, there's no way to reach the 90% threshold with only our NL direct insurance LoBs.
Another issue with the paragraph I quoted before is that the first sentence lets us think we need to report one or several LoBs; but the second sentence implies, the way it's formulated, that we should only report the most important one.

- S.29.01
 - Total technical flows on gross Technical Provisions - C0100 - C0110/R0340: Clarification is requested on which cash-flows are to be considered (cash-flow of entire period, projection year between opening/closing, discounted/undiscounted cash-flow, total or only outflow)
 - Variation in Excess of Assets over Liabilities explained by Technical provisions management – Gross Technical Provisions - C0120 - C0130/R0360: Confirmation is requested that the formula to be used is as follows: TP end - TP start + item R0340 . Please advice differently if needed.

- S.29.03
 - Total technical flows on gross Technical Provisions - C0100 - C0110/R0340: Clarification is requested on which cash-flows are to be considered (cash-flow of entire period, projection year between opening/closing, discounted/undiscounted cash-flow, total or only outflow)
 - Variation in Excess of Assets over Liabilities explained by Technical provisions management – Gross Technical Provisions - C0120 - C0130/R0360: Confirmation is requested that the formula to be used is as follows: TP end - TP start + item R0340 . Please advice differently if needed.

- S.30.01
 - Line of business for non-life - C0041: Confirmation is requested if for the LoB referring to reinsurance the numbers to be considered are from 13 to 28.

- S.30.03
 - Minimum commission - C0420/Maximum commission- C0430/Expected commission - C0440: Clarification is requested if the commissions (minimum, maximum and expected) requested in the new version of the QRT include only "reinsurance commission" or if they are the sum of the three components provided in the old template (reinsurance, overriding and profit commission).
 - Coverage of a layer covered by reinsurance - C0245: Clarification is requested regarding what is meant by "amount of maximum coverage for a layer of a treaty" as the scope of the layer is reported in field C0210: Limit (The amount specified as the limit in the reinsurance treaty)

- S.30.01/S.30.02/S.30.03/S.30.04

- General: Clarification is requested regarding criteria/thresholds for compiling the indicated QRT. It is also requested, with reference to the sentence "This model should be reported only if the amounts recoverable from reinsurance are greater than 10% of the Best Estimate calculated separately for life and non-life insurance business.", if the 10% refers to Best Estimates by treaty or if it refers to the total amount of recoverables out of the total Best Estimates.
- S.36.01
 - S.36.01: Issue with the interpretation of EIOPA definitions, like indirect transactions/single economic operation.
- S.36.03/04
 - S.36.03 changed to S.36.07 with no updated ITS from EIOPA: Issue with the interpretation of EIOPA definitions.
 - S.36.04 changed to S.36.06 with no updated ITS from EIOPA: Issue with the interpretation of EIOPA definitions. Next to this, the inclusion of off-balance sheet items and the link with another off-balance QRT causes confusion.
 - Mismatches between logs and annotated templates on QRT identification (S.36.03...) are confusing.
- S.37
 - S.37 – There are two "Others" (C0220 Other investments/C0270 Others direct exposures). The descriptions for these could be clearer. C280 Description of others refers to C0200 and that is confusing.
 - We have struggled with understanding the new dimension of the data to be reported and which of the group's companies should be included.
 - S.37.01 - Insurance policies - C0250/Credit or insurance risk mitigation technique - C0310/Amount of the exposures after Credit or insurance risk mitigation technique and exemptions - C0330:
 - Interpreting the Regulation literally, each Insurance Group would have to total the exposures to all counterparties belonging to the same Group (in the case of a Bank, the Group might have invested in bonds issued by the credit institution, have a current account balance with the Bank, and also have the Bank as an insurance customer); the new rules seem particularly complex for insurance companies since these would have to total the sums insured indicated in the policies in place with the Client Group, indicate mitigation in column C0310 (e.g: an Excess Claims contract might have a scope of X million, which would have to be allocated to all potential claimants), and then indicate the net exposure in column C0330.

A particular complexity is noted in having these numbers heterogeneous in nature (current accounts, bonds, insurance coverage, any off-balance sheet transactions such as guarantees granted) taking into account all the exposures of all entities in the Insurance Group to all entities in the "client" Group.

In addition, it is unclear how policies with unlimited limits can be handled: in the case of 50/100,000 motor liability contracts with unlimited limits, is it correct to interpret that a QRT with tens of thousands of records should be sent?

Some policies may cover "fleets" of insured objects (vehicles), for which the sum of exposures may exceed the significance threshold. In cases where these are located in different countries, it makes sense to list the exposure in a dedicated Risk Concentration QRT.
 - S.37.02 – general:
 - Confirmation is requested as to if the exposures to be reported are only those related to assets on the balance sheet similar to what is specified for QRT S.37.03 or if liabilities should also be considered.
 - Clarification is requested regarding the following specification in the regulation "The tables are based on all exposures (full balance sheet) after credit risk mitigation technique or insurance and exemptions (net amount)."

- S.37.02/03 –
 - General - Confirmation is requested that the exposures to be reported include all balance sheet items (including, for example, loans, receivables, etc.).
Clarification is also requested on the following:
 - (i) inclusion of unit-linked policies;
 - (ii) application of the look-through criterion for indirect exposures (through OICRs) and subsequent aggregation of the values obtained with direct exposures.
 - (ii) existence of materiality thresholds to be taken into account (in terms of currency, sector or country).
 - S.37.02 - C0040/S.37.03 - C0020 - R0020/ R0070: It is requested if this percentage should be calculated by considering total assets or bonds as the denominator.
- S.38.01.11
 - General: Confirmation is requested if the frequency of QRT required for Financial Stability is semi-annual
- E.04.01.16
 - E.04.01.16 – We are waiting for further guidance from the ECB on how to report data "attributed to policyholders."
 - Investment revenues and expenses - part of excess of assets over liabilities - E.04.01.16.03: Clarification is requested regarding criteria/thresholds for completing the QRT. Specifically, it is requested if the part identified with E.04.01.16.03 is to be filled out only by companies that sell products outside the home country or by all companies.
 - EC0060 - Investment revenues: Confirmation is requested on the criteria for calculating the amounts to be included, particularly if the "attributed to policyholder" part refers only to projected investment earnings and expenses in the BEL.

List of inconsistencies/performance issues

- General - It would be helpful if the abbreviations and terms used in the log files would be consistent through both QRT, Financial stability and ECB-templates.
- QRTs S.06.02./S.06.03/S.07.01/S.08.01 – Validations Open issues (further information will be provided if needed)
- Performance issue
 - QRTs S.04.04/.05; S.19.01; S.26.13 – ATOME output and performance issue: In this QRTs, certain specifications/inputs create a very high number of excel sheets and workbooks within the excel report. For instance, the QRTs. S.19.01 and S.04.04/.05 produce separate sheets for each reported currency/country/LoB. As a result, these QRTs will consist of up to 300 sheets, leading to significant performance issues. We experience the same issue with S.26.13.
- S.12.01.02
 - Expected profits included in future premiums (EPIFP) - R0370: The version of QRT Public Disclosure S.12.01.02 contained in the Business Package published by EIOPA on 17/03/2023 is different from the version, from the same period, contained in the Solvency 2 Annotated Templates. Specifically, the QRT contained in the Business Package requires Expected profits included in future premiums (EPIFP) - row R0370 only for some LoBs, columns C0020 to C0050, while the QRT of the Annotated Templates does not require EPIFPs.
It is requested to confirm which version is correct.
- QRT S.26.08. – Discrepancy between dictionary and reporting instructions
- Logfile displays for row C0140 (e.g. R0700-R0820/C0140) the following two options to report:
 - 1 – Modelled
 - 2 – Not modelled

- The two options do not match the characteristics that are provided in the EIOPA_DPM_Dictionary_2.8.0.PWD3(ATOME_output):
 - 1 - Reported
 - 0 - Not reported (in this case special justification is needed)
- S.26.10/11
 - Inconsistent asset class categorisation in Credit QRTs (26.10 and 26.11)
- QRT S.30.03 / C0245 – Discrepancy between QRT documentation and Logfile: The amount of maximum cover for a layer of a treaty. In the case of unlimited cover '– 1' is to be reported. For XL or SL treaties the initial capacity has to be indicated (e.g. annual aggregate limits). In case the treaty only includes one layer, this cell will be equal to C0250. We would have expected that rather C0240 should apply here.
- S.26.11 Wrong header in: " Overall Exposure at Default" instead of " Overall Probability of Default" in 26.11.01.02.
- QRT S.36.07.08 – Discrepancy between LoB numeration: In the LogFiles for S.36.04 (now S.36.07) for cell C0210 reference is made to the Annex I to Delegated Regulation (EU) 2015/35 with regard to the identification of the LoB, as well as the individual LOBs. However, from the 29th digit onwards, the order of the list has changed compared to Annex I and is therefore contradictory.
- ECB-QRT E.04.01 requires information on the geographical breakdown of technical provisions in life insurance in respect of investment income and investment expenses attributable to individual policyholders and in respect of investment income and investment expenses in life and non-life insurance not attributable to individual policyholders. Reference is made to the information in QRT S.12.02, which is not reported by us, however, as the insurance business is conducted exclusively in Germany. In QRT SE.01.01 (Content ECB), there is unfortunately no option to indicate that there is no business outside the home country. Here, a short-term adjustment makes sense.
- Further inconsistencies:

S.06.02	C0140	Par amount	EIOPA says in the general comments that C0140 in not applicable for 09 but added 09 in the description of C0140.
S.30.03	C245		total cover might also be the result of the information provided under C0250. C250 concerns the number of instatement, logfile should refer to C240 instead of C250.
S.30.02	C0050/C0051	Code and type of code of the reinsurer	The log file states two different cells C0050 Code reinsurer and C0051 Type of code reinsurer whereas the templates combines those (mismatch logfile vs template); no indication on how to combine the code and type of code.
S.30.04	C0050/C0060 and C180/C190	Code and type of code of the reinsurer	The log file states two different cells C0050/C180 Code reinsurer and C0060/C190 Type of code reinsurer whereas the templates combines those (mismatch logfile vs template); no indication on how to combine the code and type of code.
S.30.04	C140/150	Code and type of code of the collateral provider	The log file states two different cells C0140 Code collateral provider and C0150 Type of code collateral provider whereas the templates combines those (mismatch logfile vs template); no indication on how to combine the code and type of code.
S.31.01	C0040/C0050 and C0160/C0170	Code and type of code of the reinsurer	The log file states two different cells C0040/C0160 Code reinsurer and C0050/C0170 Type of code reinsurer whereas the templates combines those



(mismatch logfile vs template); no indication on how to combine the code and type of code.