

To: Economics and Finance Committee

From: ECOFIN Team

Meeting: 7 December 2018

Reference: ECO-18-108

Subject: Solvency II – review of reporting requirements

Objective

For discussion

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Members will be invited to advise on their priorities in the area of reporting, and the extent to which they are interested in providing input and contributing to Insurance Europe building detailed positions in the area of reporting.

Specifically, the secretariat strongly encourages members to:

- Identify the areas where changes are needed and where the industry is able to provide input
- Engage technical expertise (including company experts) to support Insurance Europe detailed position building

Summary

Reporting requirements are a key priority for the 2020 review, for both the industry and policymakers. There appears to be a genuine willingness from both the EC and EIOPA to consider material improvements.

At EC level:

- The EC is working on its extensive fitness check project, aimed at gathering evidence on the cost of compliance with existing EU-level supervisory reporting requirements, as well as on the consistency, coherence, effectiveness, efficiency, and EU added value of those requirements.
- This covers individual framework reporting (eg Solvency II), but also interactions between frameworks (Solvency II, EMIR, FICOD, CRD etc).

EIOPA is launching work on reviewing Solvency II reporting requirements as part of the 2020 review process.

Both of these workstreams require extensive input from the industry, in terms of clear examples of proposed changes and justifications (eg overlaps, redundancy, irrelevance, cost). So far Insurance Europe has produced a set of high-level proposals ([ECO-SLV-18-181](#)), however more work is required in the coming months.

Background

There are two key ongoing workstreams in the area of reporting.

First, the EC is running a **fitness check exercise**, which covers reporting requirements for Solvency II and other legislation. This was launched in December 2017, with the intention of **collecting concrete quantitative evidence** on, among others, any investments required to meet the supervisory reporting requirements. The EC aims to gather specific examples of **inconsistent, redundant or duplicative supervisory reporting**



requirements (eg reporting the same information under different frameworks or to different supervisory and/or regulatory entities).

Insurance Europe has provided a list of high-level concerns back in March ([ECO-SLV-18-041](#)). At this stage, the EC is asking for further detailed input and industry proposals in every area by means of a questionnaire ([ECO-SLV-18-207](#)). A recent workshop reinforced the importance of the industry being able to provide detailed feedback and proposals.

Examples of questions raised by the EC include:

- Are any of the supervisory reporting requirements (e.g. reporting templates, data elements) superfluous? If yes, which ones and why do you feel that they are superfluous (e.g. already reported somewhere else, data not necessary, etc)?
- Have the exemptions foreseen in Solvency II been properly applied by national supervisory authorities? If you feel they have not, please explain and provide examples.
- In general, do you encounter any major difficulties in submitting reports/templates within the specified deadlines? If yes, please provide concrete examples of instances where the deadlines are too short, misaligned in terms of timing or incommensurate with the data gathering effort required?

Insurance Europe is seeking members' advice on how detailed to engage in this EC questionnaire.

Second, EIOPA believes that reporting should be in scope of the 2020 review (independent of whether it is part of the EC call for advice or not). A preliminary call for input may be launched in December 2018, and a wider consultation would be run in the summer of 2019.

Insurance Europe has so far provided high-level views on Solvency II reporting changes needed ([ECO-SLV-18-181](#)). These included:

- *Call for easing the burden on companies and increasing the efficiency of reporting*
- *Streamlining requirements by focusing on information that is actually useful and needed*
- *Minimising the cost of the changes (eg IT costs)*
- *Streamlining RSR/QRTs*
- *Content of the QRTs needs to be reviewed and reduced to material information necessary for supervisory purposes*
- *The SFCR needs to be analysed thoroughly, and both structure and content should be reviewed by focusing on information that is essential.*
- *The application of the proportionality principle should be enhanced, and supervisors should allow for simplifications consistent across Europe.*
- *Quarterly and annual reporting deadlines should be reviewed, and Q4 reporting should be removed, as annual reporting is enough.*

More detailed proposals and input need to be developed over the coming weeks and months; for example, Insurance Europe has on a number of occasions been asked to provide examples on how proportionality can be applied in the reporting area.

Insurance Europe is seeking members' advice on how to ensure that the appropriate level of expertise is available to prepare proactive detailed feedback and proposals.