

To: Solvency II Working Group, Supervisory Reporting Project Group  
From: Prudential Team  
cc:  
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Subject: Summary EIOPA stakeholder event on Reporting and Disclosure ITS amendments

## Summary

The secretariat has attended on 26 March the EIOPA stakeholder event on Reporting and Disclosure ITS amendments, during which EIOPA presented the major amendments it is envisaging and to gather views on challenging areas. Members will find below a summary of the discussions.

### Complimentary documents:

- Members will find the **agenda** of the event [here](#).
- The **presentation** of the event (to follow –to be circulated by EIOPA).
- EIOPA noted it will do its best to provide questions/answers discussed during the event (to follow –to be circulated by EIOPA).

## Minutes

### 1. Welcome by EIOPA

- Ana Teresa Moutinho welcomed the participants.
- She observed that it has been a different year for reporting, since there has not been an ITS amendment in 2020 and there will not be one in 2021, as EIOPA's focus has been on delivering and finalising Level 1/2 proposals in the context of the 2020 review. And as such, a low priority has been given to QRTs.
- The consultation process for the ITS amendments will be as usual, with a three-month consultation period
- Another public event will be held after the consultation period.

### 2. ITS amendments on reporting and disclosure - introduction on the process and timelines

- All proposals that have been presented are still tentative, they still need to be approved by the BoS and might be subject to changes.
- EIOPA also noted that it is important to have alignment with IGS in the context of FICOD.
- EIOPA proposes the following timeline for the consultation:
  - run the consultation in Q2 (likely as from June) and submit
  - submit the draft ITS to the EC in December 2021.
  - implementation of the package in the course of 2022 (taxonomy)
  - first reporting will be in 2023 for financial year 2022.
- The industry highlighted that it would be better to wait for the end of the 2020 review and implement all the changes in the context of the 2020 review at the same time. EIOPA noted that there were not ITS amendments in the past two years, and the impact of the proposed L1 and L2 changes will only have a limited impact on the ITS, EIOPA furthermore noted it will foresee enough time for implementation.

- EIOPA intends to make the taxonomy available before summer 2022, and intends to release the PWD shortly after the consultation, towards the end of the year.
- The FICOD templates (Intra Group Transactions / Concentration templates) will become applicable at the same date as the QRTs, as from 2023 (Financial year 2022).

### 3. Thresholds

- Discussions on thresholds still ongoing, all proposals are still tentative.
- On template **S.02.02**, the proposal is to limit reporting only to liabilities and decrease the threshold from 90% to 80%. With these changes 2% of reporting information will be lost, and the number of entities that needs to report is significantly reduced.
- For **S.16.01** there is already a threshold, and EIOPA is considering increasing the threshold when companies are requested to report with the split by currencies.
- For some templates **S.12** and **S.13** the idea is to have a threshold such that only until 90% of technical provision is covered. Small LoB will not be reported. Different thresholds have been tested and with 90% a high percentage of LoB is lost but a small percentage of volume will be impacted.
- For templates **S.17.02/S.18.01/S.19.01/S.20.01/S.21.01/S.21.03**, the proposal of reporting LoBs to cover 90% of TPs is currently being assessed. Note the threshold would not apply to S.17.01.
- **S.23.03** and **S.23.04** - Another proposal is to exempt undertakings with stable own funds, template exempted if the own funds changed less than 1%/5%/10% per tier compared to the previous year.
- For templates **S.30.01-S.30.04** for reinsurance, based on feedback received, EIOPA is not proposing any thresholds.
- EIOPA is still testing the impact of different proposals and thresholds. They are also discussing with NSAs the costs and benefits of the new thresholds. The aim is for the thresholds to be risk-based.
- Questions from participants:
  - A participant asked if there will be threshold for new QRTs in S.06.04. To which EIOPA answered it is planning to have a threshold, and it is currently analysing possibilities
  - For the cyber template, the threshold will be based on the business volume.
  - Companies that want to report 100% will be able to do so.
  - Following the question 'how EIOPA will decide on the thresholds', EIOPA replied it is assessing supervisory needs, and the criterion is Art 35. EIOPA assesses its proposals in terms of materiality and proportionality, whether it makes sense to apply thresholds from a risk-based perspective. EIOPA believes that ultimately there is a big part of the market that will benefit of these thresholds.

### 4. New S.14 non-life

- EIOPA proposal is report in **S.14** non-life based on product categories (*note that initially EIOPA intended to have product by product reporting, and following concerns raised this idea was dismissed*). EIOPA launched this proposal in order address a data gap at product level. Furthermore, EIOPA indicated it would be useful in order to be able to assess impacts during crisis situations (eg COVID-19). And finally, it would also provide more data on climate related risks.
- EIOPA presented 24 categories that are a 'balance' between granularity and match with 14 existing SII risk classes.
- Regarding climate risk, two new pieces of information are asked:
  - Proportion of premiums covering climate-related perils (0-100)
  - Allowance for climate risk-prevention measures in product design (Y/N)
- Questions/comments from stakeholders:
  - The Belgian industry noted that they oppose the implementation of this approach for the reasons already stated in response to the previous consultation (wave 1), as it would be too burdensome for companies.
  - A member asked why there is an introduction of an approach diverting from SII LoB. EIOPA replied that it is due to a reporting gap and a lack of data at product level. It would be implemented in order to prevent ad hoc additional reporting request during a crisis. The aim is to introduce a harmonised reporting framework.
  - The template will be implemented in 2023, in line with the other amendments.

- The basis of the template would be the risk classing in annex of SII. They would collect data also on LoB and undertakings related to product categories.
- The split used in this template does not affect other QRTs.
- EIOPA welcomes feedback during the consultation and EIOPA showed an example of how the QRT would look like.

## 5. Variation analysis

- A proposal has not been published yet, all the proposals are tentative and might change. It is a complex set of templates.
- The aim is to better understand own funds during financial years and how they move. There would be four different templates.
- Current status:
  - The variation analysis needs revision. The preferred proposal is to replace templates with clear distinction between life and non-life.
  - There will be no deletion of the existing S.29.01-04. And a new template similar to already consulted S.29.06 for non-life is broadly supported. The cells for S.29.03/04 will be deleted for non-life insurers.
  - For composites further discussions are ongoing, and a threshold is currently being discussed.
- EIOPA is working on a draft template. A preliminary view can be found in the taxonomy package that was used for the field-testing of the proposed templates last year.

## 6. IFRS 17 and S.05.01

- Main goal is to discuss the impact of IFRS 17 on S.05.01.
- There are some issues with insurance contracts that do not transfer significant insurance risk. For IFRS purposes those contracts are considered financial instruments. And undertakings are required to report in S.05.01 these, even if these are not accounted for in the IFRS income statement.
- IFRS will be in place in 2023 and will have an impact on S.05.01
- The approach proposed by EIOPA is to keep the template unchanged. The idea is to monitor the process but keep S.05.01 as it is, and premia will be reported also for IFRS users. EIOPA is proposing this approach in order to collect some volume measures on premium claims and to monitor performance.
- EIOPA noted that the use of local gaap figures will be allowed.

## 7. Group reporting

- EIOPA presented the template stating that there are no further changes compared to the already presented proposals.
- **S.23.01.04** - There is need of improvement in group own funds.
  - It will be clarified that the minority interest at group level should include the total amount of minority interest and not split and allocated to other own fund items.
  - Considerations are being made regarding possible additional information on components of SCR and OFs to support the analysis of solvency ratios.
- **S.24.04.04.10/11** – tables 10 and 11 are slightly amended to ensure complete and clear reporting on total non-available own funds and total non-available own funds to be deducted, incl non-available minority interest to be deducted, per entity.
- **S.23.03/04** - EIOPA is assessing the possible application of thresholds (eg 5%) both at solo and group level. Proposal is to follow.
- Regarding **IGT** and **risk concentration** SII templates, there is almost full alignment with FICOD, just a few adjustments for insurance specificities. The information is removed from template S.36.04 and it is in a new template now.
  - The major change in FICOD is on the approach, risk concentration template is by counterparty and not by item.
  - Regarding **S.37** – an issue identified is how to deal with non-proportional reinsurance treaties. EIOPA is considering three options, as it is very difficult to present the net value according to the single counterparty as requested in the template.

- Aim is to apply it as from 2023 (on full year 2022 data). In fact FICOD applies as from beginning of 2022 with annual frequency, and as such reporting on full year 2022 data complies with this. However, it was highlighted that NSAs might be asking for a higher frequency.
- Participants asked if due to the number of changes there would be enough time to properly implement with timeline. According to EIOPA time would be sufficient but feedback is welcome in the open consultation. The aim is to publish ITS end of the year.