



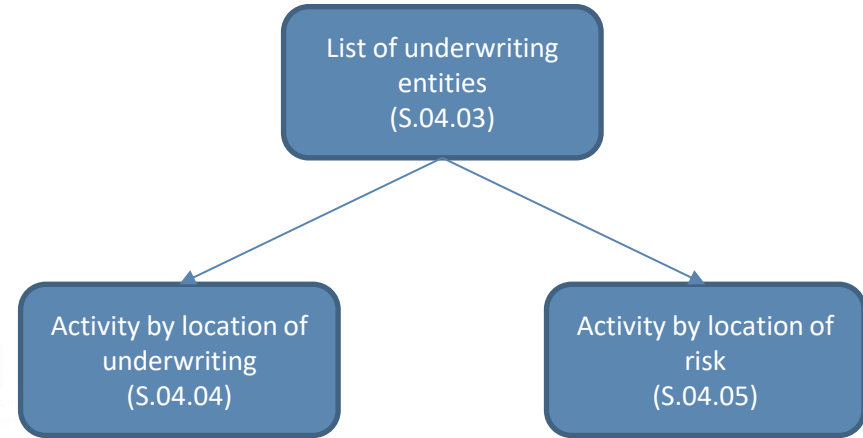
Cross-border templates S.04s

Perspectives from the Central Bank of Ireland

Cross-border templates

Purpose and structure

- Collecting information on business transacted on a cross-border basis
- Required to ensure and facilitate an effective cross-border insurance market by:
 - Meeting statistical exchange obligations (Article 159)
 - Enabling regulators to identify and address the most common issues on cross-border business
- Cross-border data collected by a matrix approach to capture
 - Who (underwriting entity)
 - What (lines of business)
 - Where (location of underwriting and location of risk)



- Cross-border templates are not required if all business is in the domestic market
- ... but if reporting any cross-border business, reporting of **all three templates** is required

Cross-border templates

Freedom of Establishment (FoE) and Freedom to provide services (FPS)

- Article 159 of the Solvency II directive requires each supervisory authorities to share information by Member State “*in respect of transactions carried out under the right of establishment and those carried out under the freedom to provide services*” at a line of business level
- A comprehensively completed S.04.04 is required to meet this obligation:
 - All business should be included
 - e.g. total reported gross written premium should match what is reported in S.05.01 at a line of business level
 - All FPS business in all Member States should be attributed to the relevant country using C0030 of S.04.04
 - This is irrespective of level/materiality of business; everything needs to be reported
 - All non-EEA business (which by definition is not FoE or FPS) should be included in C0010

Cross-border templates

List of underwriting entities (S.04.03)

- This templates should include the head office and all branches (both EEA and non-EEA)
- Each underwriting entity included in S.04.03 should also include:
 - A perspective on business written by location of underwriting (S.04.04); and
 - A perspective on business written by location of risk (S.04.05)
- For the head office, only the underwriting entity code (C0010) and type of entity (C0020) are required
- For branches, all four fields should be populated

Cross-border templates

Location of underwriting (S.04.04)

- Each underwriting entity included in S.04.03 should be included in S.04.04
- Data should be reported for each combination of Entity/Location/LoBs
- All business to be reported (required to fulfil statistical information sharing obligations)
 - This includes cross-border business in run-off (potentially zero premium, may be claims or expenses)

S.04.04.01
Activity by country- location of underwriting

Line of Business		Z0010	Underwriting entity code		Z0020
			EEA country		R0010
By underwriting entity			By underwriting entity and by EEA member (localization of activity [based on place of underwriting])		...
Business underwritten in the country of establishment		Business underwritten through FPS in country different from the country of establishment	Business underwritten in the considered country through FPS		...
C0010		C0020	C0030		
Premiums written (gross)	R0020				
Claims incurred	R0030				
Acquisition expenses	R0040				
of which commissions	R0050				

- Key checks:**
 - Consistency with S.04.05 (total business, business by LoB)
 - Total FPS should equal sum of FPS by country
 - Non-EEA branches should have no FPS

Cross-border templates

Example: s.04.03

- Entity writes a single LOB (MAT insurance)
- Head Office, based in Ireland
 - Writes business in Ireland and UK
 - No FPS
- One branch in Portugal
 - Primarily writes Portuguese business, with some FPS (in Italy and Ireland) and some non-EEA business (in Brazil)

S.04.03.01.01			
List of underwriting entities			
Underwriting entity code	Type of entity	Type of branch localisation	Country of establishment
C0010	C0020	C0030	C0040
213800WSGIIZCXF1P572	1 – Head office		
5493000IBP32UQZ0KL24	2 – Branch	1 – EEA branch	PT



Cross-border templates

Example: s.04.04

- Entity writes a single LoB (MAT insurance)
- Head Office, based in Ireland
 - Writes business in Ireland and UK
 - No FPS
- One branch in Portugal
 - Primarily writes Portuguese business, with some FPS (in Italy and Ireland) and some non-EEA business (in Brazil)

		S.04.04.01.01		S.04.04.01.02
		Business u/w in CoE	FPS Bus (diff to CoE)	Business in considered country through FPS
<i>IRELAND</i>	R0010	C0010	C0020	C0030
Premiums written (gross)	R0020	1,600,000		
Claims incurred	R0030	1,150,000		
Acquisition Expenses	R0040	20,000		
Of which commissions	R0050	5,000		

		S.04.04.01.01		S.04.04.01.02	
		Business u/w in CoE	FPS Bus (diff to CoE)	Business in considered country through FPS	
		C0010	C0020	C0030	
<i>PORTUGAL</i>	R0010			IE	IT
Premiums written (gross)	R0020	5,500,000	2,000,000	800,000	1,200,000
Claims incurred	R0030	3,750,000	1,500,000	400,000	1,100,000
Acquisition Expenses	R0040	250,000	200,000	50,000	150,000
Of which commissions	R0050	150,000	100,000	40,000	60,000

Cross-border templates

Example: s.04.05

- Entity writes a single LoB (MAT insurance)
- Head Office, based in Ireland
 - Writes business in Ireland and UK
 - No FPS
- One branch in Portugal
 - Primarily writes Portuguese business, with some FPS (in Italy and Ireland) and some non-EEA business (in Brazil)

		S.04.05.01.01	S.04.05.01.02	
		Total of business written by the undertakings		
		C0010	C0020	
<i>IRELAND</i>	R0010		IE	Other Countries
Premiums written (gross)	R0020	1,600,000	1,150,000	450,000
Claims incurred	R0030	1,150,000	950,000	250,000
Acquisition Expenses	R0040	20,000	15,000	5,000
Of which commissions	R0050	5,000	4,000	1,000

< 5% GWP

		S.04.05.01.01	S.04.05.01.02			
		Total of business written by the undertakings				
		C0010	C0020			
<i>PORTUGAL</i>	R0010		BR	PT	IE	IT
Premiums written (gross)	R0020	7,500,000	1,000,000	4,500,000	800,000	1,200,000
Claims incurred	R0030	5,250,000	750,000	3,000,000	400,000	1,100,000
Acquisition Expenses	R0040	450,000	50,000	200,000	50,000	150,000
Of which commissions	R0050	250,000	25,000	125,000	40,000	60,000

Cross-border templates

Example: Comparing S.04.04 & S.04.05

C0010 of S.04.04 will typically equal the sum of home and non-EEA countries in S.04.05 (for each underwriting entity)

		S.04.04.01.01		S.04.04.01.02	
		Business u/w in CoE	FPS Bus (diff to CoE)	Business in considered country through FPS	
		C0010	C0020	C0030	
PORTUGAL	R0010			IE	IT
Premiums written (gross)	R0020	5,500,000	2,000,000	800,000	1,200,000
Claims incurred	R0030	3,750,000	1,500,000	400,000	1,100,000
Acquisition Expenses	R0040	250,000	200,000	50,000	150,000
Of which commissions	R0050	150,000	100,000	40,000	60,000

Sum of C0010 and C0020 of S.04.04 = C0010 of S.04.05 (for each underwriting entity)

C0020 of S.04.04 will typically equal the sum of EEA countries in S.04.05 (for each underwriting entity)

		S.04.05.01.01		S.04.05.01.02			
		Total of business written by the undertakings					
		C0010		C0020			
PORTUGAL	R0010			BR	PT	IE	IT
Premiums written (gross)	R0020	7,500,000		1,000,000	4,500,000	800,000	1,200,000
Claims incurred	R0030	5,250,000		750,000	3,000,000	400,000	1,100,000
Acquisition Expenses	R0040	450,000		50,000	200,000	50,000	150,000
Of which commissions	R0050	250,000		25,000	125,000	40,000	60,000