

Joint EIOPA – ECB Insurance Reporting Workshop

ITS on reporting and disclosure and taxonomy – lessons learnt

EIOPA-24-850

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Improved quality control of instructions and related information before publication

Insurance Europe

Frequent errors/inconsistencies in final published texts/documents point to the need for stronger quality control before publication. Addressing these issues promptly is essential to avoid unnecessary costs and burdens for undertakings.

- *EIOPA should ensure thorough quality checks before publication.*
- *Swiftly addressing the inconsistencies between the ITS on reporting and disclosure and the templates, related instructions and taxonomy.*
 - *Inform stakeholders transparently if errors or inconsistencies cannot be immediately addressed.*
 - *Maintain a single, central document for all errors/changes/inconsistencies/updates.*
- *Propose feasible IT solutions when it comes to reporting templates, including a focus on clear reporting instructions.*

Improved quality control of instructions and related information before publication

EIOPA answer

While EIOPA takes the responsibility for the inconsistencies in the ITS as well as in the taxonomy implementation (to be noted that the 2023 ITS included a complete review of the templates and as such complex amendments have been introduced), the ITS amendments follow a strict review and approval process before their official publication with the following steps:

- Discussion with NCAs of the amendments to be introduced (e.g. amendments to current QRTs, adding or deleting QRTs, etc.);
- Development of the ITS consultation package;
- Public event with stakeholders to present the proposals;
- BoS approval of the ITS package for public consultation;
- Public Consultation for 12 weeks as default;
- Discussion with NCAs of the ITS package comments following public consultation;
- Public event with the stakeholders after the Public Consultation (depending on the amendments);
- Informally sharing the package with the COM for their informal COM Legal review;
- BoS approval of the final ITS package and submission of the ITS to COM;
- Adoption of the ITS by the COM and publication in the Official Journal of the European Union.

Improved quality control of instructions and related information before publication

EIOPA answer

- After the ITS publication in the Official Journal and final taxonomy release, the errors and issues raised are addressed using “List of known issues” (for mistakes in the taxonomy implementation) and EIOPA Q&A tool for ITS issues. The Q&A tool is referred to on the DPM/XBRL web page.
- Errors requiring changes in the instructions can be addressed only with the next ITS amendment, errors in the taxonomy implementation can be corrected only with a new adaptive or corrective taxonomy release (apart from the usual Hotfix published before a release is in use).
- Improvements of the instructions and reduction of the errors is a process requiring involvement of all parties.
- Any feedback received during the public consultation of the ITS and the PWD of the taxonomy is valuable and is carefully considered. Specific recommendations regarding the instructions and the templates are highly welcomed and appreciated.
- EIOPA will further look into whether a single, central document for all errors/changes/inconsistencies/updates can be provided.

Enhanced documentation structure/governance

Insurance Europe

Documentation updates are spread across multiple sources, leading to confusion.

Enhanced documentation and a more robust governance structure is needed.

- *Improve documentation structuring and clearer mapping of changes.*
- *Ensure corrections to published documents are consultable in one central area and specifically for Q&As, each addressing a single error.*
- *Maintain Excel format 'annotated template' and highlight changes and include deleted templates/cells for reference.*
 - *Indicate whether the change involves the reporting table, the instructions of individual cells or the validation rules.*

Enhanced documentation structure/governance

EIOPA answer

ITS amendments: There are different documents included in the ITS amendments package serving different purposes and going through different processes. Indeed, the ITS amendments both on reporting and disclosure are consulted as a single package together with the Guidelines on Financial Stability and the Guidelines on third country branches. The whole package is shared on a dedicated area of EIOPA's website both in clean and track changes version. The final ITSs as submitted to the COM are also uploaded in dedicated area of EIOPA's web site. This are the versions to be used by the industry for the preparation of the new reporting. Once the ITSs are officially adopted by the COM they are included in the EIOPA's website in the area of the DPM/XBRL.

EIOPA will consider how the process can be further improved so that the requirements are easily understandable.

Enhanced documentation structure/governance (cont.)

EIOPA answer

DPM and XBRL taxonomy artefacts and files (including the PWD(s)) are developed and consulted separately, as they focus on the changes in the taxonomy. The PWD package also contains the ITS amendments, where the last PWD version normally includes the last ITS version. With the implementation of the detailed change logs (Excel files), also in the “List of validations”, EIOPA partially addressed the version issues. EIOPA will consider publishing also the instructions with changes compared to the last version (between initial and final version).

The documentation from a model perspective includes:

- Validation syntax -> quite stable showing examples of validations with the explanation helping users to read them
- EIOPA XBRL Taxonomy Documentation
- EIOPA Filing Rules
- DPM Documentation
- Database Documentation -> stable and necessary, provided together with the database

In addition, each release contains the “Release notes” where EIOPA can start its work earlier to help stakeholders.

Enhanced documentation structure/governance (cont.)

EIOPA answer

The Log instructions have been always provided for public consultation in track changes as part of the ITS package. It is however true that in the taxonomy consultation the Log instructions were not always included in track changes. Based on the feedback received EIOPA considers to include also a track changes version and to publish the track changes versions of the ITS package submitted to the COM.

In the taxonomy files, EIOPA provides detailed change logs. These changelog are broken down into type of change, such as dictionary, framework or validations (with further breakdowns into adding, removing, amending).

In addition, EIOPA is committed to continue providing separate automated changelog of changes introduced in the model.

Enhanced documentation structure/governance (cont.)

EIOPA answer

Excel format: After receiving several requests EIOPA already took some measures to reinstate the Annotated templates in legacy format. As a result, with the next releases the following 3 formats were published:

- Solvency II Annotated Templates Excel file (from Atome:Matter)
- Solvency II Annotated Templated Excel file with alternative template grouping within single worksheet (from Atome:Matter)
- Solvency II Annotated Templates Excel file in Legacy format: please note that the maintenance of the colourful legacy format is manual work, therefore prone to human mistakes, so the Annotated Templates generated from Atome:Matter shall remain the official one for reference and implementation.

In the 2023-02-08 Taxonomy meets the market public event EIOPA had a presentation of the changes in the output files due to the use of the commercial tool Atome:Matter, but as many stakeholders started the implementation rather late, it created additional hardship on top of the extensive business changes.

Additionally, EIOPA will further investigate improvements as regards the Annotated Templates for the next releases.

Enhanced documentation structure/governance (cont.)

Insurance Europe

Ensure corrections to published documents are consultable in one central area and specifically for Q&As, each addressing a single error (currently the Q&As contain multiple answers for some errors, and these are not always consistent).

EIOPA answer

Q&As should be published as submitted by the stakeholders. Indeed, they can include more than one question and relate to several templates or articles. The EIOPA web tool, where all Q&As are published, gives possibility of tagging all the relevant articles and templates for a specific Q&A and the search function can filter them based on these different tags. EIOPA recommends all stakeholders to subscribe to the RSS feed on the Q&A page so that they can receive a notification for any new Q&As.

EIOPA continuously asks the developers for upgrades to improve the search function and the outlook of the Q&As and will review further what can be improved.

Indeed, some answers might be inconsistent, mainly due to the high number of Q&As received (3150) since 2013. When an inconsistent answer is noticed the Q&A is reviewed.

“Date of submission” field of each Q&A refers to the legal document that was applicable at the “date of submission”.

Enhanced documentation structure/governance (cont.)

Insurance Europe

Make instructions available in a more user-friendly format and provide them in track changes (as previously done for 2.8.0) – for example by following the SII single rulebook, by dedicating one page per QRT, that would include the references/links to the relevant logs, Q&As, ECB addons, guidelines.

EIOPA answer

The Log instructions have been always provided for public consultation in track changes as part of the ITS package. It is however true that in the taxonomy consultation the Log instructions were not always included in track changes. Based on the feedback received EIOPA considers to include also a track changes version and to publish the track changes versions of the ITS package submitted to the COM.

EIOPA will consider the request for following the SII single rulebook, but as it requires considerable financial and human resources for developing it and maintaining it, we cannot commit to it for the time being. However, as mentioned already, EIOPA will further investigate improvements as regards the Annotated Templates for the next releases (e.g., how to better use them under the “interactive rulebook idea”).

Enhanced documentation structure/governance (cont.)

Insurance Europe

Enhance log instructions - for example, consider publishing known sums and other calculations that are not clearly shown/described in the log instructions .

Avoid that instructions lead to extra mandatory reporting requirements.

Publish instructions well in advance of deadlines.

EIOPA answer

Publishing sums and other calculations is considered outside the scope of the instructions.

Not clear what is meant by avoiding instructions leading to mandatory reporting requirements. The instructions are defined in the ITS and as such they are mandatory reporting requirements.

The instructions are published well in advance and publicly consulted. For example, the last ITS were submitted to the COM and published on EIOPA website in March 2022. The COM endorsed them and officially published them in May 2023 with the application date as of 31.12.2023.

Legal binding nature of the regulation

Insurance Europe

Some legal requirements of the implementing regulation, including the technical specifications from the appendices, deviate from the regulation in terms of technical implementation. The ITS becomes leading and contradicts the legally binding implementing regulation of the Commission. As a result, technically correct files that do not match the ITS specifications can be rejected by NCAs.

For example, in the K-sector in templates S.37.01 and S.37.02, Annex III notes for the reporting forms of the groups for S.37.01 and S.37.02 expect the “first hierarchical level – letter” of the sector. However, in the technical tests, an alphanumeric 5-digit sector code is expected. This discrepancy highlights differences between the technical description in the regulation and the technical implementation.

EIOPA answer

EIOPA is aware that mistakes can happen both in the ITS and in the taxonomy. The K-sector is unfortunate example. It is important to note however, that in the case mentioned EIOPA provided in the “List of Known Issues” possible solutions to stay compliant.

If the taxonomy implementation is wrong, the ITS is the lead as the taxonomy is a tool for reporting the requirements specified in the ITS. However, in case of such implementation errors identified after publication of the taxonomy, EIOPA can use only the “List of known issues” file to address the issues until the next release.

Legal binding nature of the regulation

Insurance Europe

Ensure the legally binding nature of Commission Implementing Regulation (EU) 2023/894, especially the technical requirements from Annexes I to VI. Alternatively, ensure clear communication regarding the binding documents for upcoming reporting. If EIOPA identifies errors in officially published documentation, it should clearly indicate additional documents to prevent misreporting.

EIOPA answer

This is so. Leading is the ITS. However, in case of errors in the Annex I please always consult the instructions in Annex II & Annex III.

The tool used for addressing the identified errors in the ITS, Guidelines or BoS decisions is the regulatory Q&A process. For taxonomy implementation issues, the tool is the “List of known issues”. In addition, EIOPA can include such information in the Known Issues section of the Release Notes, should such inconsistencies be identified for new releases.

Proactive information dissemination

Insurance Europe

Information sharing is perceived as being rather passive, requiring companies to monitor EIOPA's webpages for updates. Although an RSS feed is available, it is difficult to install and lacks key elements like Q&A revisions, leading to delayed access to critical information. Implement proactive communication tools, such as a changelog or newsletter, to keep stakeholders updated. Improve the RSS feed's usability on the EIOPA DPM/XBRL page, making it easier to use and allowing anonymous questions.

EIOPA answer

There is an RSS feed both on the EIOPA DPM/XBRL page and on the Q&A page. Stakeholders need to subscribe to them to receive notifications about the updates. Indeed, there were some technical problems as regards the notifications from the DPM/XBRL web page, but they were temporary due to the web page migration in 2023. It has been fixed as soon as we realized it and EIOPA now triggers the RSS feed whenever there is an update on the page. The Q&A RSS feed notification is sent to subscribers whenever EIOPA publishes a Q&A. It is recommended that filers subscribe to both RSS feeds.

Furthermore, EIOPA always attends the Eurofiling calls on a regular base where provides updates about the taxonomy roadmap and answers stakeholders questions.

Proactive information dissemination

EIOPA answer

The possibility to ask anonymous questions has been disregarded as:

- there are questions that are not clear and/or require additional information to be answered. In such cases EIOPA contacts the stakeholder asking clarifications.
- there are questions asking about specific supervisory practice and, in such case, based on the e-mail and the country provided EIOPA can consult the relevant NCA to better understand the issue before providing an answer.
- Please note, EIOPA never shares personal information with NCAs, only the questions.

Validation management

Insurance Europe

New validations in QRTs have caused unforeseen errors and messages in data cells that were anticipated to have remained unchanged during testing. These errors, often discovered during testing, require undertakings to spend significant time identifying the causes. EIOPA should thoroughly check validations before including them to ensure accuracy and reliability, as well as clearly outline changes and cross-checks to help companies resolve the issues.

Internal model reporting relies heavily on the model architecture. To streamline the process, validation checks should be minimised by focusing only on verifying QRT consistency, without checking embedded formulas.

EIOPA answer

EIOPA acknowledges the inheriting risk of new validations but the lack of validations compromise data quality. To limit the impact of potential issues with new rules, EIOPA introduces most validations with non-blocking severity. EIOPA also provides PWD to give opportunity for comments before the changes become operational. Furthermore, between the releases EIOPA publishes regularly updates through deactivations. With this approach, severity of validations cannot be changed, but incorrect validations can be disabled. For suggestion to the model use functional mailbox: Validations@eiopa.europa.eu.

As for the validation issues detected during submission phase, only deactivations are possible. Permanent deactivations are removed from the “List of validations” only from the next adaptive release onwards. They remain in the “List of validations” for the release they were deactivated in. All the deactivations can be traced from the “List of Validations” with date of deactivation for easy identification.

Timely and clear communication

Insurance Europe

EIOPA's often delayed responses make monitoring difficult, even with the Q&A tool. Due to time constraints and deadlines, many undertakings rely on interpretations when implementing changes in their IT systems. Clarifications provided after publication often require additional IT changes for QRT data cells.

EIOPA answer

EIOPA acknowledges that there were delays in the Q&As with different reasons behind them:

- The Q&As follow a strict approval process aiming to foster supervisory convergence and to ensure consistent and effective application of the European regulation. The answers are consulted and agreed with the NCAs. In case of divergent views, the questions are further discussed until an agreement is found.
- Substantial increase in the number of Q&As received in 2023. Compared to 170 Q&As in 2022 (when the draft ITS was actually already published), 398 Q&As have been received in 2023. The number excludes many questions received via other different channels such as EIOPA “Validations”, “XBRL” and “Info” functional mailboxes.
- Many questions were received close to the submission date of the first reporting under the new ITS.

Timely and clear communication

Insurance Europe

Issue clear and timely instructions/logs from the start to reduce the need for Q&As. Implement a fast and responsive process for handling Q&As.

EIOPA answer

Instructions/logs are amended during the ITS amendments and as such publicly consulted. Stakeholders are urged to raise any doubt or questions on them during their 12 weeks of public consultations. **Q&As can be submitted already after the draft ITS is submitted to COM** and then could be answered in time before implementation. (Q&As are also evaluated in order to decide whether any changes in the instructions are to be considered in the next ITS amendments.)

To be also noted that many stakeholders use the wrong channel for submitting questions. Q&A process should be used only for the application of regulation. Questions regarding xBRL implementation and validations should be submitted to their relevant functional mailboxes. They do not require NCAs approval, thus can be answered much faster. But if they are submitted through the Q&A web tool, they have to go through the strict Q&A process and this takes time:

- Questions regarding the business package (supervisory reporting or public disclosure requirements) should be submitted on the [Q&A page](#).
- Questions regarding DPM and XBRL technical issues, please contact xbri@eiopa.europa.eu identifying the Taxonomy Release of the DPM-XBRL implementation issue
- Questions regarding the business validations (BV) and technical validations (TV) please contact validations@eiopa.europa.eu

Timely publication of new taxonomies

Insurance Europe

Major changes, like Taxonomy 2.8.0, have been challenging due to tight deadlines between the final ITS drafts (March 2022) and the first submissions (Q1 2024). New taxonomies should be published promptly to give companies enough time for implementation. For significant QRT changes, companies need sufficient time to adapt and prepare.

Publish any new taxonomy well in advance of the implementation date to reduce the burden.

EIOPA answer

Depending on the framework and severity of the changes, EIOPA estimates that the time needed for industry to prepare is between 6 and 9 months, before the reporting submission deadline (from industry to NCAs).

EIOPA is committed to publish the releases as soon as possible after the business changes are adopted. EIOPA was aware of the significant changes foreseen for 2.8.0 and already in 2022 July published the DPM without validations (based on the draft ITS published in March 2022) and published eventually 3 PWDs for public consultations and the final release was published on 17 March 2023 (not on 15 July) and organised public events to present the changes, also the technical ones due to the changes in the output files because of the use of Atome:Matter. However, many stakeholders started the implementation only in the autumn of 2023, as they do for the regular adaptive releases, but this was not sufficient.

Timely publication of new taxonomies

Insurance Europe

Limit major taxonomy changes to essential updates, aiming for a 5-year cycle or less frequent., etc). Consider companies' preparation time (e.g., annual reports, first quarterly implementation) when setting deadlines.

EIOPA answer

This depends on the ITS amendments, but EIOPA aims to reduce the frequency. However, the implementation deadline depends in most of the cases out on the Level 1 and Level 2 changes.

Insurance Europe

Avoid late ECB changes, as they are often outside the main taxonomy framework and hard to locate on the ECB website. Publish taxonomies well in advance to allow time for implementation and minimise disruptions.

ECB answer

The ECB is working on a solution to make reporting information easier to find for insurance corporations and other stakeholders. The next changes will be introduced after ECB Regulations (ECB/2014/50) and (ECB/2012/24) have been updated. Changes to or new ECB Add-ons relating to these Regulation updates will follow the usual adaptive taxonomy release timeline. The ECB will try to make communication relating to taxonomy changes as clear and timely as possible.

Targeted/improved workshop efficiency and frequency

Insurance Europe

Workshops on QRTs provide valuable insights, but mixed audiences can make them overwhelming. During these events, EIOPA addressed many unanswered questions, publishing comprehensive answers. The events during which EIOPA addressed many unanswered questions and published comprehensive answers were particularly appreciated.

Differentiate workshops based on audience segments (business vs. technical) to improve efficiency and relevance.

Increase the frequency of workshops to address questions regarding new taxonomy developments.

EIOPA answer

There were dedicated public events to the ITS amendments and joint events with the ECB on reporting. EIOPA also organized the recurring “Taxonomy-meets-the-market” public event for technical developments. There were indeed events where the taxonomy items were covered with the supervisory reporting topics. EIOPA will consider how to improve the process in the future.

Workshops are organized in relation to specific changes e.g. new taxonomy, changes to the ITS. EIOPA is trying to increase their number considering that they are also resources and time consuming.

Use of future mandates

Insurance Europe

The Solvency II Directive amendments provide mandates that, if used efficiently, can reduce the reporting burden on companies and streamline processes.

In order to reduce the burden EIOPA should efficiently apply the mandates in the Amended SII Directive, including the ITS on RSR reporting templates and the joint ESAs report on potential measures to develop an integrated data collection. Only introduce changes where there is a clear supervisory need.

EIOPA answer

EIOPA intends and has been always led by the aim of introducing ITS changes only when there is a clear need. EIOPA is also looking into changes that can reduce the reporting burden.

The political agreement on the Solvency II review will include a new mandate for EIOPA to provide a report to the European Commission on potential measures, including legislative changes, to develop an integrated data collection. In this context EIOPA will assess the different options to improve the data collection.

Q&A



Time for your questions!

THANK YOU

For more information visit:
<https://www.eiopa.europa.eu>