Position Paper

Joint Insurance Europe/CFO-CRO Forum Comments on EIOPA Consultation on proposals for Solvency II 2020 Review Package on Supervisory Reporting and Public Disclosure

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General comments

The insurance industry welcomes the opportunity to provide input on EIOPA's consultation on supervisory reporting and public disclosure. This response has jointly been prepared by Insurance Europe, the CRO Forum and the CFO Forum. The industry looks forward to continued engagement with EIOPA. Our key views on EIOPA's consultation on supervisory reporting and public disclosure are as follows.

The industry welcomes the European Commission's call for advice to assess "the ongoing appropriateness of the requirements related to reporting and disclosure, in light of supervisors' and other stakeholders' experience; and whether the volume, frequency and deadlines of supervisory reporting and public disclosure are appropriate and proportionate, and whether the existing exemption requirements are sufficient to ensure proportionate application to small undertakings."

The fact that the **consultation is taking place in two waves** makes it difficult for the industry to have a clear overview of the full impact the proposals will have. In addition, any changes in the second wave consultation to the Article 4 thresholds of Solvency II, in particular, and the areas addressing the proportionality principle, may impact industry's views on the first wave of proposals.

Pillar 3 burden can be reduced without impact on policyholder protection. Insurers have made very significant investments to implement Solvency II reporting requirements and standard reporting is already very extensive. NSAs already have adequate powers and tools to request data and information from (re-) insurers when justified. Insolvencies have never been a significant source of loss to policyholders and Solvency II 's Pillar 1 and 2 ensure even greater protection, and therefore the Pillar 3 burden can be reduced without impact on policyholder protection, the primary goal of the Directive.

The industry fully supports EIOPA's intention to propose "a material reduction in the scope of quarterly reporting" and for "an increased proportionality of supervisory reporting and public disclosure" However, while its proposals include some potentially helpful concepts, the way these have been introduced and the significant additional reporting and many proposed changes to existing templates mean that EIOPA will not achieve its intentions but in fact increase the overall burden. Furthermore, no evidence is provided that this is justified by sufficient benefits.

However, EIOPA's proposed changes need improving to: (i) ensure any new reporting is useful and proportionate; (ii) avoid overall proposals that would lead to an overall increase rather than decrease in both the cost and the burden of reporting.

The industry urges EIOPA to consider the **cost/benefit** of increased reporting requirements and of making changes to existing templates, in particular regarding the insights EIOPA intends to create from the additional data and how these benefit policyholders and investors who will ultimately bear the cost of increased reporting requirements. The industry further notes that significant increases in the reporting burden are proposed without a commensurate increase in the quarterly reporting deadlines, which are already stretching.

The industry has put significant effort into responding to the EC fitness check and EIOPA's call for input on reporting – including providing concrete examples and numerous suggestions to improve the reporting requirements. However, very little of this specific input has been reflected in the EIOPA proposals.

Summarised below are specific areas of concern, together with recommendations on how to change and/or build on EIOPA's draft proposals to achieve the original goals of a material overall reduction in burden without impact on consumer protection:

- **The industry broadly welcomes EIOPA's conceptual idea to split the SFCR into a policyholder section and a professional section, however, as currently worded the proposals increase the burden because the professional section still requires a report to be written and the new standardised templates are excessive. Improvements needed are:**
  - The professional section should include only data, ie the public QRTs (narrative information can be, and often is already provided elsewhere and so should not be required within the SFCR. Eg the mandatory list of content as included in the directive should be removed).
  - Disclosing sensitivities should remain a decision of the insurer. Further the industry notes the number of suggested standardised sensitivities included should be reduced and made less severe. Sensitivity disclosures increasingly conform to a developing market practice and EIOPA should not try to prejudge and force industry best practices but rely on the industry efforts already underway.
  - The SFCR should include only data including the VA/MA – the current requirement to include the impact of VA/MA separately should be removed.
  - For groups reporting a single group SFCR, there will be a 6-week-cut in the reporting deadlines at the end of 2019 – the deadline for the single group SFCR and the solo SFCR will be the same. The industry considers that the reporting deadline for single group SFCRs should be aligned with Group SFCR deadlines.

- **External audit requirements were discussed and rejected during the development of Solvency II. While only leading to limited benefits, the proposals would have significant additional burden and costs across the industry and would also be unworkable within the timetable applicable to 2018 data. Improvements needed are:**
  - There should be no introduction of external audit requirements

- **The concept of core and non-core templates is very welcome but, in its proposed form, is unlikely to provide material benefits as it would require a substantial effort to calculate the thresholds, and there are concerns that these will apply to only a limited proportion of companies. Improvements needed are:**
  - The non-core templates could be automatically exempt from reporting, unless the national supervisor requires (with sufficient notice) an undertaking to report specific templates, based on a justification related to their risk profiles or activities.

- **EIOPA's proposal suggests new QRT templates and significant extension of the scope of others (such as on cyber risk and non-life obligations). While the industry acknowledges the need for cyber risk reporting, the level of detail is excessive. And where a number of template deletions have been proposed, in some cases this involves merging existing templates with new data requirements on top. Improvements needed are:**
  - New cyber reporting should be limited to affirmative exposures.

- Templates S29. should be removed, and these templates should not be replaced by other templates.
- The new proposed look-though template S.06.04 is not needed.
- Cross border templates S.04.01, S.05.02, S.12.02 and S.17.02 should be maintained, and not be replaced with new templates. The proposal to delete S.05.02 is also contradictory and confusing for firms, as EIOPA proposes to keep it for the SFCR.
- EIOPA's proposals on S.13 (Projection of future gross cash flows) and S.14 (Life obligations analysis) are very substantial, and require a lot of effort to implement, without clear added value for supervisors. Therefore, the industry proposes not to go ahead with these changes.

- **The proposals for internal model users to complete standard formula reporting, as well as the requirement for further granular information, are both onerous and unnecessary. EIOPA effectively undermines not only the internal models but also the suitable processes underlying their effective management and supervision. It therefore fundamentally intervenes in a sound existing process with unsuitable and counterintuitive changes. Internal models reflect a company's specific risk profile, making any comparison between standard formula figures meaningless. Further, supervisors are responsible for the original internal model approval, they approve any major changes to the internal model and they will be notified regularly of all other changes. As such, supervisors have an extensive suite of tools available to them to ensure that internal models continue to generate appropriate SCR numbers. Improvements needed are:**
  - No standard formula reporting, or more structured reporting is needed for internal model undertakings
  - No reporting of model changes, certainly not at solo level for group internal models.
  - The additional granular information on internal models should not be requested.
  - The aim should be to confirm/ensure that all supervisors that are approving internal models:
    - Appropriately apply approval processes.
    - Are receiving the appropriate information from internal model companies.
  - Focussing on sharing best practices and issues among EIOPA, NSAs and internal model experts from companies would be beneficial.

- **EIOPA is proposing additional data sets - outside of the ITS - which can be requested at the discretion of the NSAs and which would circumvent the usual process involving co-legislators. EIOPA is also proposing to keep deleted QRTs within the XBRL taxonomy, meaning this data could also be requested by NSAs. This adds to the potential net increase in reporting arising out of this review and there would be no clarity for companies on the reporting package. Improvements needed are:**
  - Templates that are deleted from the official QRTs should not be kept in the taxonomy.
  - The taxonomy should not contain data sets that are not part of the official QRT set.

- **EIOPA has chosen to propose a large number of changes, on a template by template basis, presumably to accommodate the requests of NSAs. These changes will be very costly to implement and will only provide a limited incremental benefit to EIOPA and NSAs. At the same time however, these changes will be burdensome to implement. EIOPA appears not to recognise the very high costs that can be involved in making, even well-intentioned changes, and has not assessed benefits against costs. Improvements needed are:**
  - Changes should be limited to the deletion of QRTs or specific line items, as restructuring of requirements could result in IT systems changes that could outweigh any benefit.

- **The proposal to keep, for annual reporting, the timetable applicable to 2018 data is welcomed, however, this is also needed for quarterly reporting. Improvements needed are:**
  - The timetable for reporting requirements applicable to 2018 data should become applicable as soon as possible, both for quarterly and annual reporting. This would be conceivable in the context of a quick-fix solution.

Para44 p10	EIOPA notes that the rather burdensome procedure of the exemptions and limitations process does not foster efficient forms for proportionality in Pillar 3. Proportionality has to be improved by adding new proportionality methodologies. Against this background, the industry believes it would be simpler and more efficient to change the wording of Art 35(5) and (6) from "may" to "shall". This will lead to a broader use of the waivers and limitations, and by increasing the use, supervisors will likely also be triggered to make the application procedure more user friendly. Also, in para 45, EIOPA notes that it wants to introduce methodologies for proportionality which are not directly dependent on the decision/culture of the respective NSA. The industry highlights that by making the waivers mandatory, the decision would no longer be at the discretion of the NSA and would lead to a level playing field.
P12 Advice (Blue box)	The proposals contained in this consultation would represent a substantial increase in the overall reporting burden if they are implemented in full, which is not in line with EIOPA's statements on proportionality. Indeed, relatively few templates have been deleted; while the templates EIOPA intends to revise and the new templates it plans to introduce will need significant project work to implement, involving major systems changes. EIOPA has missed an opportunity to take a fresh look at the overall package – for example, the QRT with the greatest burden, S.06.02 (List of assets), has been increased via these proposals, whereas a fresh look could have produced a meaningful reduction. **Waivers and Limitations in Art 35 (6) to (8)** Industry is disappointed with EIOPA's proposal to keep the Article 35 (6) to (8) unchanged, the waivers foreseen in Art 35(6) (7) should be made mandatory instead of optional, up to the market threshold. Industry also asks EIOPA to consider expanding the use of waivers by increasing the current 20% level of this threshold. In cases where not all solo undertakings of an insurance group are exempted from quarterly reporting, Article 35(6)(b) should be modified to allow the use of roll-over methods, or the undertakings should be exempted from quarterly reporting entirely. Industry does not share EIOPA's view expressed in paragraph 44 describing "the rather cumbersome" exemptions and limitations process, which "does not foster efficient forms for proportionality in Pillar 3", and one way of enhancing and simplifying the process would be to make these exemptions and limitations mandatory. Currently, these waivers are used in an inconsistent and limited way across member states – EIOPA's report on the use of limitations and exemptions from reporting 2018 shows that only 13 member states make use of them. Furthermore, even where they are granted by NCAs, lack of certainty over whether the waivers will also be granted for subsequent reporting periods creates a significant disincentive for companies to use them. **QRTs** The split of the templates into two categories, namely the core (basic) QRTs and the non-core (additional) QRTs is welcomed, as well as the reinforcement of the risk-based thresholds in the QRTs. However, further clarity of the overall effectiveness of the proposals is necessary, for instance an impact assessment of whether the thresholds introduced, and the core/non-core categorisation, really amount to any reductions in the

	reporting burden. The industry notes that EIOPA has made a large number of changes, both minor and major, to a lot of templates. The industry perceives these changes as a major increase in the quarterly package even though EIOPA notes the quarterly reporting package is materially reduced (see para 78). The sector considers that the non-core templates could be automatically exempt from reporting, unless the national supervisor requires (with sufficient notice) an undertaking to report specific templates, based on a justification related to their risk profiles or activities. This is believed to be a prudentially sound proposal, as well-capitalised companies or those with stable risk exposures would report less information at longer intervals. In addition, the industry has serious concerns regarding the proposals raised in EIOPA's public event on 15 July 2019 that although **some templates will be deleted, they will stay as part of the taxonomy so that they can be "reactivated" should a national supervisor wish to see them**. EIOPA indicated that it wants "to promote" such ad hoc reporting – despite taking the opposite position when consulting on the original ITS before Solvency II implementation, when it explained the inclusion of various fields in the templates by the need <u>to avoid</u> ad hoc requests. It should also be noted that such ad hoc reporting goes against EIOPA's own objectives to harmonise reporting across the EEA and ensure that all undertakings are on a level playing field. Reporting requirements should be set by the co-legislators and set out in the ITS; there should be no "shadow requirements" set out in a taxonomy with no clear legal basis. On top of this, EIOPA has also incorporated a majority of the ECB add-on fields into the main prudential reporting templates. At no point in its documents does EIOPA explain why this is necessary, other than a generic statement that this is "relevant information for supervisors". Most non-Eurozone countries, as well as some within the Eurozone, do not currently mandate such reporting, hence including these fields creates additional ongoing work for insurance undertakings from those member states. EIOPA needs to explain clearly why this increase is justified, especially given its comments on proportionality. **SFCR** The industry welcomes the introduction of the following, on the condition it is pursued in the right, streamlined form, replacing the SFCR in its existing format: ▪ The SFCR section for policyholders ▪ The fact that no policyholder section is requested if the undertaking is only underwriting business to business. At the same time however, the industry is disappointed by the fact that the requirements for professionals are not limited to the quantitative templates only – although it would be expected that if they prefer to do so, companies would also be able to provide a narrative supplement to these templates at their own discretion (as they do with financial reporting). Further, the updated format of the policyholder section of the report should not add to the workload of the company, especially with so few readers of the SFCR. The industry highlights that the proposed introduction of the external audit requirement is very costly and burdensome for undertakings and should therefore not be introduced. Further, the SFCR should include only data including the VA/MA – the current requirement to include the impact of VA/MA separately should be removed
P15 Advice	The industry's preferred option would have been option 1, ie **eliminate Q4 reporting** (para57) as from one quarter to the next the changes are

blue box	limited. And in addition, undertakings have the obligation to immediately warn NCAs in case of issues, eg when there is a risk of an SCR/MCR breach. EIOPA states that timely Q4 reporting is crucial for supervisors; however, it does not make clear what prudential risks it sees with eliminating Q4 reporting (currently with a 5-week deadline, and often containing preliminary figures) and using annual reporting (not materially different, but currently with a 14-week deadline) instead. If deemed necessary, only QRTs related to Own Funds and the SCR/MCR should be required to be able to assess the solvency position of an undertaking in a timely manner - hence Q4 reporting could be a limited set consisting just of these. Other templates are not time-critical and need not be included in Q4 reporting. In addition, the current XBRL taxonomy update timeline leaves a very limited time window for the software vendors to develop and release the updated versions of the reporting software and for the firms to install and test the updated software in time for the Q4 reporting cycle. Eliminating the Q4 reporting would allow more time capacity for updating and installing the software, since for the annual reporting the QRT activity need not to be started as early as for the Q4 reporting. Furthermore, insurers do not share EIOPA's view (set out in the blue box on page 15) that removing S.08.02 constitutes a significant reduction in the quarterly reporting burden – many undertakings do not have to complete this template as things stand. The real quarterly burden arises from templates such as S.06.02 (List of assets) and S.05.01 (Premiums, claims and expenses) – and EIOPA proposes to increase the burden for these.
Para 77	Industry welcomes EIOPA's acknowledgement that the implementation of the review currently under consultation may need in any case an extension of the reporting deadlines at least in the first year. If this is the case it could be considered that the extension is given in a definitive way. Industry strongly believes this extension in reporting deadlines should become permanent.
Para 78	EIOPA states it "is proposing a material reduction in the scope of quarterly reporting". However, insurers disagree with this conclusion - EIOPA's proposals do not materially reduce the quarterly reporting burden - in fact, the proposals for templates such as S.06.02 (List of assets) and S.05.01 (Premiums, claims and expenses) will serve to increase it materially.
Para 80 P17	EIOPA notes it is crucial that the quantitative and qualitative information is both reported and disclosed together. The industry highlights that this is challenging for groups reporting a 'single group SFCR', as for this report there will be a 6-week-cut in the reporting deadlines at the end of 2019. This implies that the deadline for the single group SFCR and the solo SFCR will be the same. While for annual QRT-reporting there will be 6-week delay for groups. Considering the possible external audit requirement for parts of the SFCR, this will be quite burdensome especially for smaller groups. Against this background, the industry believes the reporting deadline for single group SFCRs should be aligned with Group SFCR deadlines.
P18 Advice (Blue box)	The industry highlights the 2-week extension of the annual deadlines is absolutely needed in light of the proposed external audit requirements, and the proposed increased granularity and burden for many QRTs. Insurers also note that with the updated package proposed by EIOPA, the 5 weeks quarterly deadline remains challenging to meet for most insurance undertakings, therefore insurers propose to extend deadlines for quarterly reporting to 6 weeks, in line with the timetable for 2018 reporting requirements. In addition, insurers strongly disagree with EIOPA's assertion that

	its proposals will result in a "material reduction in the scope of quarterly reporting", but rather the opposite (see comments above). Further, it is the processes associated with individual templates, in addition to the volume of templates, that makes the 5-week deadline so challenging. As solo annual deadlines and group annual deadlines are closely linked, the deadline for the group annual report should also be extended. The industry notes there is a trade-off between the quality and the timeliness of data, and the current reporting deadlines make simplifications and shortcuts unavoidable to achieve timeliness, at the expense of quality.
P23 Advice (blue box)	The insurance sector welcomes the introduction of specific simplifications for captives with regard to annual reporting.
P24 Advice (blue box)	The insurance sector welcomes the changes to the QRTs, introduced for reinsurance undertakings.
P25 Advice (blue box)	Regarding the introduction of the template for mortgage lending activity, to be used at the discretion of NSAs, the insurance industry believes this is a worrying development. The risk exists that another parallel QRT set will be added on top of the current 'proportionate QRT package', proposed by EIOPA in this consultation.
P28 Advice (blue box)	The insurance industry believes that the new information requested will be very demanding for the industry. Industry urges EIOPA to reconsider its proposals. **Cross-border business** The new cross-border template S.04.03 simply consolidates information requested in previous templates to a new one; however, some additional information is also requested, meaning this proposal creates an additional on-going burden for insurers. Some of the new information requested in S.04.03.02 (for example, the number of insureds and number of contracts by line of business and location) is very difficult to produce and will require expert-driven estimation. Similarly, S.04.03.03 requests more data than was originally requested in S.05.02, S.12.02 and S.17.02. **Cyber risk** Ideally cyber reporting should be product-specific, restricted to affirmative cyber coverages and with an appropriate level of aggregation. The industry notes the proposed template contains generic headings (operations cover, physical injury to third parties, etc.). Non-affirmative cyber coverages cannot usually be separated from the original cover, as such the whole portfolio (property, casualty, legal expenses, etc.) would have to be reported again without any added value. Data with this level of detail is not directly available in most companies, so will likely have to be produced by a process of expert-driven estimation, which itself is difficult given that cyber insurance is a relatively new business area and best practices are still evolving. EIOPA should refrain from imposing a particular view at this stage. **Internal model users** With the additional reporting requirements around internal models, EIOPA effectively undermines not only the models but also the suitable processes

	underlying their effective management and supervision. It therefore fundamentally intervenes in a sound existing process with changes that are not suitable and counterintuitive. Given that standard formula results are not reflective of risks for internal model users, comparisons between companies would lead to a false sense of comparability. There is today an extensive governance around internal models, involving multiple supervisors in colleges, extensive supervisory dialogue and analysis behind every approval of every calculation. Proposals for internal model users to report standard formula results would create significant additional costs and challenge the real value of internal models. Industry does not see any benefit – but only costs and misunderstanding risks in the reporting of standard formula numbers of internal model users. EIOPA's proposals for Solvency II internal model reporting are very onerous and will serve to increase the burden for internal model undertakings significantly. It must be noted that, while additional reporting is requested in some jurisdictions, it tends to be more flexible and undertakings are able to tailor their data in discussion with their supervisors. This reflects the fact that models do vary, and by definition will not always easily align with the standard formula calculation, making reporting the results on such a detailed standardized template not appropriate and in instances even impossible. By proposing that firms complete the standard formula QRTs in full, EIOPA has completely overlooked this important point. Undertakings using Solvency II internal models do so because the standard formula does not reflect their risk profiles well enough, making any comparison between standard formula figures meaningless. Further, supervisors already have tools available to them to ensure that internal models continue to generate appropriate SCR numbers, such as regular monitoring and approval of internal model changes (for which EIOPA is proposing an additional template). For group internal models this occurs at the group level and will follow the group model change policy that is appropriate for the developed models. Finally, EIOPA already has its own internal model monitoring exercise, with which it proposes to continue, from which the industry understands any supervisory needs would be covered. **Product by product information** The proposals for S.14.01 (Life obligations analysis) and its new non-life equivalent represent another material increase in the reporting burden. A significant number of additional fields have been included, and for non-life undertakings the template is completely new. It is not clear to what extent the information requested actually helps the supervisory authority to better assess and monitor the solvency situation and stability of a non-life insurer. Some non-life insurers will find the new template challenging to complete. The template seems to satisfy rather a general information interest of the supervisory authority. The industry would ask EIOPA to set out more clearly why this increase in reporting burden is necessary, or otherwise not proceed with this proposal.
Impact assessment p31 – Costs for the industry	The impact assessment notes that some initial costs for the industry are envisaged, related to the simplification of the templates part of the quarterly reporting, and after this initial increase of the costs, it is expected that the reporting cost and burden will be potentially reduced. The industry believes that the one-off costs will be a lot more substantial than 'some initial costs foreseen by EIOPA'. Additionally, there will be a significant increase in on-going costs, contrary to EIOPA's view that the on-going burden will be reduced. This is particularly true for firms with Solvency II internal models, who will be required to carry out substantial additional standard formula reporting, on the basis of the proposals. The industry notes it absolutely does not agree with EIOPA's opinion that the package is reduced, in the industry's view the package will be significantly extended.

P32 Impact assessment option 1.3 benefits for the industry	In the impact assessment EIOPA notes that considering the proportionality principle and considering that only information needed for the purposes of fulfilling national supervisory authorities' responsibilities under Directive 2009/138/EC shall be required. Insurers would ask EIOPA to provide more insight on how it was decided/assessed whether the information was needed for the purpose of fulfilling NSAs responsibilities.
Impact assessment p 42	Financial stability reporting is the same as Solvency II reporting, but with different deadlines. EIOPA notes that this is a valid claim, but also notes that the shorter deadline is related to the need of business users. Insurers would ask EIOPA to provide more detail on the specific needs of the business users.

Comments to Individual Quantitative Reporting Templates

Paragraph or other detailed reference	Comment
General	The industry notes that EIOPA has made a large number of changes, both minor and large, to a lot of templates. Overall the industry believes these changes represent a substantial increase rather than a decrease in the quarterly package. Time is needed to implement this. EIOPA should allow for an extension in the quarterly and annual timelines, and the industry proposes to maintain the extension as the standard timeline for future reporting periods. The insurance industry would highlight the following points of previous feedback to which EIOPA refers: (1) Changes should be limited to the deletion of QRTs or specific line items, as restructuring of requirements could result in IT systems changes that could outweigh any benefit. (2) QRTs that are not used should be removed; the insurance industry would propose extending this to require the deletion of any templates that are not essential for supervisors to meet their statutory objectives. (3) While the deletion of some redundant templates is welcomed, insurers emphasise their concerns regarding EIOPA's apparent intention to maintain deleted templates as part of the taxonomy, so that they can be "reactivated" should a national supervisor wish to see them. Reporting requirements should be set by the co-legislators and set out in the ITS; there should be no "shadow requirements" set out in a taxonomy with no clear legal basis. Further, this approach would require undertakings to maintain the ability to report these templates, often equally burdensome to actual reporting. (4) Changes to the formats of the QRTs are happening much too frequently, and changes are being finalised insufficiently far in advance of their reference date. Industry has previously proposed that changes should be finalised a minimum of six months in advance of the reporting reference date at which they will first be applied.

	The sector considers that the non-core templates could be automatically exempt from reporting, unless the national supervisor requires (with sufficient notice) an undertaking to report specific templates, based on a justification related to their risk profiles or activities. This is believed to be a prudentially sound proposal, as well-capitalised companies or those with stable risk exposures would report less information at longer intervals. In addition, an effective introduction of a threshold system is necessary. Threshold values should always be calculated on the basis of core templates and then enable a statement on the filling of non-core templates. Further, the industry notes that companies in many cases do not use the QRT data to steer their business.
Paragraph 5	The industry highlighted in its feedback that '*Changes to the QRTs should be limited to deletion of QRTs or specific line items. Changes in definitions or restructuring of requirements would necessitate changes in IT systems to such an extent that these would likely outweigh any benefit brought by the changes;'* The industry is disappointed EIOPA did not take this important comment into account when redesigning the QRT package.
P5 Advice (blue box) – S.01.02 Basic Information	No supporting documentation (ie draft ITS instructions) has been provided for the proposed changes to this template. Industry would ask EIOPA to set out in more detail the criteria for reporting some of the new rows, for example, if any thresholds would apply to the M&A field. Further comments on the proposed template: ■ Regarding M&A - the industry notes that while M&A could be interpreted as only 'acquisitions', also disposals of activities should be addressed. This could be solved by including 'disposals' or by rewording the new row into 'acquisition or disposal of activities. ■ Proposed new row - Run-off business – please also allow for the possibility that only part of the business is run-off business. For example, several insurance undertakings write new business, but also own a 'run off-portfolio'. Based on the consultation paper it is not clear in this case whether this row should be selected or not.
P8 Advice (blue box) – S.02.01 Balance Sheet	The template is considered to be a helpful snapshot of an undertaking's solvency position, and the industry is supportive of EIOPA's proposal to maintain this as a core template. However, insurers have concerns over the incorporation of ECB add-on fields into this prudential reporting template. Nowhere in its documents does EIOPA explain why this is necessary, other than a generic statement that this is "relevant information for supervisors". Most non-Eurozone countries, as well as some within the Eurozone, do not currently mandate such reporting, hence including these fields creates additional ongoing work for insurance undertakings from those member states. EIOPA needs to explain clearly why this increase is justified, especially given its comments on proportionality. In particular, industry would like to ask EIOPA to provide more insights as to why details on 'debts owed to credit institutions' and 'Financial liabilities other than debts owed to credit institutions' are requested. Insurers would ask EIOPA to set out the added value of asking for this information. Should EIOPA decide to maintain these add-ons, the industry would ask to align the definitions with the Solvency II reporting as

	much as possible. For example, in the current Q&A on the log files regarding ECB reporting (S.06.02) it is stated: "*For the ECB reporting, Issuer Sector according to ESA 2010 should be reported also for loans and mortgages to individuals, as they are reported with CIC category 8. It can be reported always with the option 11 – households and non-profit institutions serving households (ESA sector S.14 + ESA sector S.15)*". This implies that for ECB reporting a revised S.06.02 would have to be generated. Furthermore, it is still unclear how this QRT is to be aligned with IFRS 17 accounting representation. It would be helpful if EIOPA could provide detailed Explanatory Notes on the transition or reconciliation of old QRT requirements into the new IFRS17 and other new accounting standards, such as IFRS 16. In particular regarding presentation of technical receivables & liabilities, which according to IFRS17 are not separately shown in the balance sheet but included in BE. The reconciliation between Solvency II and national GAAP will be more difficult in the future due to divergent methodologies, as such it will be also difficult for stakeholders to correctly interpret the reported figures. Further comments on this template: ▪ Within the equity investment EIOPA differentiates between listed and unlisted, this information is not used elsewhere. Therefore, the industry would propose EIOPA deletes these details. ▪ EIOPA specifically mentions "Own shares" as assets and subsequently the same amount is deleted in the own funds. This approach increases the balance sheet total, while not providing any added value. Further, this approach is also not in line with accounting practices. The industry would propose to include Own shares as part of the own funds information, ie as a deduction and not to separately present this item as an asset. ▪ On the Balance Sheet, insurers are requested to present as part of the liabilities, any subordinated liability part of the Basic Own Funds (BOF). This approach increases the balance sheet total, while not providing any added value. The subordinated liability part of BOF is added in other templates. The industry proposes to exclude this information from the S 02.01 and to make subsequent corrections in the other templates, where relevant.
P9 Advice (blue box) – S.02.02 Assets and liabilities by currency	The industry welcomes the deletion of the assets part of the template, although we do not consider the corresponding amendment to S.31.01 to be necessary.
P10 Advice (blue box) – S.03.01 Off Balance Sheet items	The industry welcomes the introduction of a risk-based threshold. Industry notes that this QRT has to be reported after one out of four threshold values or criteria has been exceeded. Two of out of the four threshold values can only be determined after the "balance sheet" template has been completed. On top of the need to complete the balance sheet template first, all values for this template must already be determined in order to be able to determine the other thresholds, ie ratio of the respective amounts as a proportion of total assets. As such, the proposed threshold does not relieve the burden for insurers. A possible solution could be to refer to risk-based thresholds that are already available. (eg the sum of 3rd quarter assets).

	Also, the last proposed threshold requirement for reporting S.03.01 ("*If for any row the Maximum value reported in C0010 is higher than 120% of the Solvency II value reported*.") should be removed. It will lead to reporting of irrelevant minor items. For example, guarantees for letters of credit must be reported as guarantees. In this case nominal value is reported as maximum value. The guarantee will materialize only when the insurance company is insolvent and the bank issuing the letter of credit will reimburse the holder. Since the insolvency is deemed unlikely the Solvency II value of the guarantee is zero or very close to zero. Further detailed comments regarding the template/proposed thresholds: ■ The thresholds of 1% of total Assets and 1.5% are rather low, it is likely that the thresholds are met. As a result, the thresholds proposed do not limit the amount of work to be performed on reporting the guarantees and contingent liabilities. ■ Regarding the value of collateral held/pledged, it is assumed that the economic value as per reference date (and not the risk adjusted value) is to be reported. Could EIOPA confirm this and could this be specified in the final log files? ■ ■ We would like EIOPA to provide further guidance as to how the maximum with an unlimited guarantee would have to be calculated. In fact, the thresholds and subsequent requirement for unlimited guarantees are always met as the guarantee is unlimited. Therefore, the industry would propose to not apply the thresholds for unlimited guarantees and as such no Solvency value would be reported. If not, the industry would ask EIOPA to provide clear guidance how the maximum is calculated for unlimited guarantees.
P11 Advice (blue box) – S.03.02/S.03.03	The insurance industry welcomes the deletion of both templates S.03.02, off balance sheet items – list of unlimited guarantees received by the undertaking and S.03.03. off balance sheet items – list of unlimited guarantees provided by the undertaking, as this information is available from other sources.
P17 Advice (blue box) – S.04.01 – cross border business	Insurers are concerned by EIOPA's proposal to delete S.04.01, S.05.02, S.12.02 and S.17.02 and replace them with a new, general cross-border template S.04.03. The new structure discards a lot of built knowledge and implemented automatization. Industry would urge EIOPA to reconsider this change and not proceed with it. Although the number of templates will be reduced, crucially, none of the data requirements will be lessened – all the information in S.04.01 can be found in the new S.04.03.02. EIOPA is therefore proposing to move these existing data requirements to a new template, which will itself have further requirements. As well as the on-going burden of these additional requirements, insurance companies will require substantial re-work of their processes to implement these changes, especially smaller companies will have difficulty reporting such an extensive template due to limited resources. Also, the further benefit of additional reporting for NCAs has not been clearly stated. Should EIOPA decide to proceed with these changes, the industry highlights a threshold, for example 3% of gross written premium, is needed to avoid burdensome processes for insignificant cross border activities. In particular for smaller insurers this will be very burdensome and not proportionate. Further, to relieve the burden, this template could only be asked semi-annually rather than

	quarterly. It should also be noted that: • The number of insureds is to be reported. This information is not available in the underwriting systems (also for data protection reasons) and could only be determined with great effort. This would require a conversion of the technical systems. From an insurer's point of view, this substantial effort is not justified, and reporting the number of new insurance contracts is deemed to be sufficient. Further, when determining the number of insureds, it is not clear how contracts terminated during the year must be considered and whether beneficiaries are included in the scope. • Splitting the number of contracts by LoB could be difficult, as individual policies can span multiple LoBs (for example, a with-profits participation policy could have a health rider). • The reporting by underwriting entity will considerably increase the burden for the insurance companies with foreign branches. • Proposed additional information on premiums, claims, expenses and commissions will further increase the workload on top of the inclusion of technical provisions in S.04.03. • Furthermore, it is still unclear how this QRT is to be aligned with IFRS 17 Profit & Loss accounting presentation as well as other new accounting standards, such as IFRS 16. It would be helpful if EIOPA could provide detailed Explanatory Notes on the transition or reconciliation of old QRT requirements into the new IFRS standards. Many companies are using IFRS also for local GAAP. • The Industry proposes to introduce a threshold for the smaller businesses. • Some of the existing – merged – QRTs have thresholds. Following the merge, there are questions regarding the exact the scope of reporting requirements. Should EIOPA decide that no risk-based threshold applies to the new QRT, then this would require developments. • In addition, EIOPA should also consider existing problems regarding the QRT. Reinsurance acceptance is not correctly taken into account, as there is no specific column. • In order to avoid a lack of clarity regarding requirements whether or not to include the proposed template in QRT reports, one of the options to not report the template as part of a QRT report, should be 'Not reported due to no cross-border business' or something to that effect.
P17 - S.04.02 - Information on class 10 in Part A of Annex I of the Solvency II Directive, excluding carrier's liability	As EIOPA notes, this template was created in order to comply with Article 159 of the Solvency II Directive. However, EIOPA does not state whether this information is actually useful. This template is considered to be one of the least useful compared to other information collected. The industry would ask EIOPA to explain why this information is useful; otherwise, industry proposes that Article 159 is amended to remove this QRT.
S.05.01 para 71 and 72	From the statement in para 71/72, it is still unclear why the information would be useful for EIOPA and the NSAs on top of the

p20 - 21	information already provided in the Financial Statements. From the text provided in para 72, it is not clear why the new information requested is needed for prudential purposes.
P22 Advice (blue box) – S.05.01 – cross border business	Industry notes that this is one of the most used templates by national supervisors and EIOPA, and also EIOPA's recognition that this is one of the most burdensome for undertakings to complete. The minor additions and deletions proposed for this template will not reduce this burden and will cause issues for undertakings having to make IT systems changes – which will significantly add to costs. Therefore, EIOPA is asked to reconsider its proposals in this important area. In line with the remarks on template S.04.01 above: - The new reporting requirements on number of contracts and number of insureds should be rejected. The number of policies is already included in the annual report and would represent a further duplication, which is to be avoided. The number of insureds is not relevant from a risk point of view and it would require a disproportionate amount of effort to calculate the requested ratios. Some insurers will find it difficult to obtain this information. - Splitting the number of contracts and number of insured by LoB such that the total corresponds to total contracts is difficult, given that a single contract can have multiple LoBs. - Further, splitting the number of contracts/insureds/surrenders and splitting GWP by distribution channel is itself very onerous, especially on a quarterly basis – this information is not readily available. For some insurers, splitting GWP by distribution channel will require changes in core financial accounting process and these are complex to realize. From a risk point of view, industry does not see any supervisory purpose for these requirements that would justify the effort required to determine this data. In addition, EIOPA notes that it has yet to decide whether this should be collected in this template, in S.04.03.02 or in S.14.01. Industry believes this additional data would be burdensome and disproportionate to report on such a frequent basis; certainly, there is no need for it to be reported quarterly. If it needs to be reported at all, it should be as part of the S.14.01 annual template. It could also be problematic to split the contract in case more than one distribution channel participates in the sales of the insurance product. - Furthermore, the highly relevant comment that investment management expenses are not allocated to Solvency II lines of business is overlooked and the possibility to report these expenses as one amount without division to lines of business has not been included in EIOPA's proposal. - It is unclear how this QRT is to be aligned with IFRS 17 Profit & Loss accounting presentation. It would be helpful if EIOPA could provide Explanatory Notes on the transition or reconciliation of old QRT requirements into the new IFRS standards. Many companies are using IFRS also for local GAAP. In addition, the proposed template does not take into account the fact that insurance companies adopting the IFRS will no longer have data available to complete this structure starting from 2022. The replacement of "other expenses" with the technical account balance is welcome, allowing the template to tie into the published income statement. Although IFRS17 will result in a new income statement, EIOPA states no change is foreseen to premium requirements in this

	template, as IFRS17 also requires premium disclosures. However, these disclosures are not the same. For example, IFRS17 requires premiums received during the year to be reported, but this is not the same as written premium, and certainly not the same as earned premium.
P23 Advice (blue box) – S.05.02 – Premiums, claims and expenses – by country	Insurers are concerned by EIOPA's proposal to delete S.04.01, S.05.02, S.12.02 and S.17.02 and replace them with a new, general cross-border template S.04.03. Industry would urge EIOPA to reconsider this change and not proceed with it. Although the number of templates will be reduced, crucially, none of the data requirements will be lessened – all the information in S.05.02 can be found in the new S.04.03.03, but in a more granular form, further broken down by home office and branch. EIOPA is therefore proposing to move these existing data requirements to a new template, which will itself have further requirements. As well as the on-going burden of these additional requirements, undertakings will require substantial re-work of their processes to implement these changes. As the S05.02 is still required for the SFCR, undertakings will still have to complete this QRT, which is not logical.
P24 Advice (blue box) – S.06.01 – Summary of assets	The insurance industry welcomes EIOPA’s proposal to remove this template. Industry questions the benefit of the template, since the additional information reported in this template is very low in comparison to what is reported in the Balance sheet. In particular, the field for "investment linked to cryptocurrencies" will be empty for the vast majority of insurers.
P25 Para 94	Paragraph 94 includes the proposal to improve the instructions regarding items that may/should be left empty. However, several other templates (such as S.11 and S.27) refer to the information included in cells C0240-C0260 of S.06.02, and in case C0240 is to be left empty, EIOPA is asked to clarify how the corresponding cells of other templates should be completed.
P29 Advice (blue box) – S.06.02 – List of assets	EIOPA proposes to add various additional items to the list of assets template. While the current template is already demanding to complete, more information will be requested, and it is not clear for what purpose EIOPA/NSAs will use this information. It is also not clear what "complementary external financial information" EIOPA expects national supervisors to collect to balance this additional burden. Industry notes EIOPA's assessment of this template as the "most used in supervision". And it would also ask EIOPA to recognise that this is one of most burdensome to produce; and insurers are disappointed that EIOPA has no plans for streamlining. Despite its stated aim for a more proportionate and less burdensome set of reporting requirements, EIOPA's proposals for this template would result in the opposite outcome. A number of new, onerous fields, including ECB add-ons, serve to make what is already the most challenging template even more burdensome. EIOPA does not make a case as to why these new fields are needed. Industry would ask EIOPA not to proceed with its proposals to expand this template. Regarding the additional ESG-compliant/sustainable investments item - while the industry notes this data item can be useful, especially given the existing issues with sustainability-related data, the industry believes the data should be defined only once the taxonomy on sustainable activities is finalised. In fact, the Taxonomy Regulation is not yet in place and changes to reporting based on these grounds, risk leading to data and reporting inconsistencies. Therefore, as EIOPA acknowledges in paragraph 193, the

	insurance industry suggests waiting until further clarification is available with respect to EIOPA's role with respect to sustainable finance and ESG factors. For assets with **ISIN codes** (or other recognised codes such as SEDOL), there should only be a requirement to report the name, ISIN code, market value and quantity in S.06.02.01. If an asset has such a code, a supervisor can easily access additional information. For assets without ISIN codes (for example, loans to individuals), a materiality threshold should apply for itemised reporting. In its comments for template S.08.01 (see below), EIOPA does not acknowledge an important issue regarding the reporting of **external credit ratings** – this issue is also relevant to template S.06.02. Such ratings are required for internal Pillar I and Pillar II purposes; however, in order for such ratings to be reported outside the company, even to the national supervisor, the ECAI demands additional fees. To reduce costs for industry and hence policyholders, as well as avoiding unfairly boosting the profits of the ECAIs, EIOPA and the NSAs should accept the credit quality step as sufficient. **<u>Further detailed comments</u>** - With Commission implementing regulation (EU) 2017/2189 of 24 November 2017 the instruction in template S.06.02. item C0350 has been changed. According to the new instruction field C0350 is now "Applicable at least to CIC categories 1, 2, 5, 6 and 8 (Mortgages and Loans, other than mortgages and loans to natural persons), where available." However, before the amendment, the express reference was made, that the field is only applicable to internal model users: "Internal rating of assets for undertakings using an internal model to the extent that the internal ratings are used in their internal modelling. If an internal model undertaking is using solely external ratings this item shall not be reported." The current EIOPA proposal provides for this clarification again, which is welcomed by the industry. Without this clarification the instruction in item 0350 might implicitly force standard model users to set up a certified internal credit rating process which would be a violation of the proportionality principle and can't be intended by the amendment in 2017. - EIOPA proposes to add new items with respect to RGLA. In the industry's opinion, including this as part of the CIC table would be sufficient. - Ad. C0141 (write-offs/write downs) - in the industry's view, the add-on regarding write-offs/write-downs is not considered necessary as does not give any additional information on the economic value as per reporting date. In case EIOPA proceeds with the changes, the industry highlights that a value should not be reported mandatory unless there really is a write off or write down with regard to an asset. Depreciation and amortization with a value of EUR 0.01 only seems to serve statistical requirements. In addition, the amount depends on the accounting framework of the insurance entity and as such is not comparable. Further, the industry would ask EIOPA to clarify how this cell is to be implemented the first time, would it only apply to new investments or would it be applied retrospectively. - ECB add-on items are included. This appears to be in contradiction with the planned reduction of the ECB add-ons as mentioned in para 23 of the consultation paper. EIOPA is asked to specify which ECB add-ons will be reduced. - Ad. C0200 (Issuer Name) - requesting the LEI entity name when the LEI code is already provided increases the complexity

	of bookkeeping the database without additional benefit. Keeping track of slight variations in the legal name does not benefit the companies and matching the LEI code with the latest company name is trivial at the supervisor's end. It would be beneficial to remove this requirement altogether since legal entity names in the LEI database are encoded with national specific characters (accents, special characters) which can create additional transformation artefacts in various system interfaces. - Ad. C0240 (Issuer Group) - The definition, when an issuer group should be reported and when not, seems to be peculiar and difficult to technically implement in a typical asset data structure. It is very unusual to have a data structure, where the issuer group should be reported for all subsidiaries but not for the group itself. The same is true for companies owned by a government vs. the government itself. Industry doubts the value of this logic compared to the effort for insurance companies, the resulting technical feasibility/complexity of concentration risk analyses based on such data model and the durability of this definition. - Additionally, industry does not see any value added of ensuring consistency of the Issuer Group name with LEI database names, when the LEI code is reported. - Ad. C0296 (Cryptocurrencies) - industry does not see the benefit of this attribute. The use of this attribute will be very limited. If supervisors are particularly interested it would be more feasible to adjust the CIC classification instead, eg "01" for cryptocurrencies. Further the industry highlights that the field 'Investment linked to cryptocurrencies' requires a narrow definition, the current wording 'linked to cryptocurrencies' is too broad. - Ad. C0360 (Duration) - The new requirement: "... the probability of the call option being exercised shall be taken in to account." is considered to be difficult to realize in practice. EIOPA should reconsider the wording, industry believes the most probable call date should be taken. Otherwise, EIOPA has to provide a specific guideline how the probability has to be taken into account. - Ad. CIC Table – Insurers would ask EIOPA to indicate whether mortgages to natural persons are included in category 84 or 88. The industry would also note that the creation of the new CIC 87 and 88 items is welcome and long overdue. - Ad. C0381 – this is new information to be submitted, which the industry highlights to be very burdensome to collect, in particular for mortgage loans, even though weighted average is being asked. This requirement requires a detailed administration to be maintained per calendar day just for QRT purposes. As the requested information is a weighted average, the industry notes this will continuously be updated. Further EIOPA is asked to set out how a renewal should be treated; would this be as a new loan or rather as a new term and condition to an existing loan?
P29 EIOPA's question	*"EIOPA would like to also collect stakeholders' views on the possibility of having a mandatory report of the item* ***"Fund number",*** *which is already applicable to assets held in ring fenced funds, and that should be widely used in the case of or other internal funds, defined according to national markets, exist, in particular regarding funds (portfolios) supporting life products. Being a unique number (or code) assigned to each fund, used consistently over time, would allow linking the information on assets, derivatives, look-through and the fund number reported in S.14.01."* From an insurer's perspective, it would be burdensome to report this. In addition, not all insurers will have unique funds, some

	insurers apply all assets/investments against all liabilities and ALM is not always based on unique portfolios. In particular, EIOPA should not force the use of "fund number" where such internal portfolio divisions do not exist – no reason is seen why the existing requirements are not suitable, as they already mandate the use of such numbers where there are internal funds. Also, the proper matching of the insurance liabilities with the assets can be reviewed by other means, such as review of the explanation how an insurance undertaking complies with the prudent person principle and how it performs its ALM. Furthermore, it should be noted that some local NSAs already propose to use the "Fund number" for national supervisory purposes. Coordination is necessary to avoid contradictory definitions.
P33 Advice (blue box) S.06.03 Collective Investment Undertakings – Look Through approach	Existing template S.06.03 – The industry welcomes the increase in the threshold, from 30% to 50%, for quarterly reporting; the reduction to 80% to identify exposures by country; and the possibility to use the last known position of each CIU. However, this remains an extremely burdensome template to produce, and the restrictions provided for in S.06.03 are not likely to make things any easier for companies. The lowering of the thresholds for determining the risks by country and currency from 90% to 80% does not change the fact that - due to the requirement of recording the asset categories - a fund review remains necessary for each individual fund and the data collection problem that no data is provided for some funds, is not addressed. Only the application of the proposed materiality threshold for all three categories would alleviate the reporting burden considerably and would help insurers to meet the reporting requirements under Solvency II. Furthermore, any limitation of the threshold, like the requirement that the 20 % not identified by country has to be geographically diversified (5% limit for single countries), complicates the provision of the fund-look-through even more and leads to more complexity as well as further increasing the expense of fund-look-through and therefore should be deleted. The fixed limit of one month for the usable reference date is very unrealistic and not possible to implement in practice both for S.06.03 and potential new S.06.04. Current deliveries – eg via the so-called Tripartite Template TPT – are regularly based on a quarterly cycle and are not available on a monthly basis. It does not seem to be feasible to use only fund data which is not older than one month. In addition, the production and delivery of such data – if possible at all – would entail considerably more effort and costs. Therefore, the industry suggests deleting the requirement that only data with a fixed maximum delay of one month are allowed. At least a delay of three months should be possible. In addition**, when the risk is borne by the policyholder** (eg for unit-linked products), the related assets should be exempted from the look-through requirement. Insurers bear no financial risk for such funds. All investment risks are borne solely by the policy holder. Thus, a look-through for unit-linked funds is insignificant to risk reporting for Solvency II purposes. Therefore, the impact of the exclusion of that piece of information is insignificant but would at the same time be a real relief to the burden insurers are facing. In view of the usual multitude of funds (up to several hundred are offered by some insurers in their unit-linked products) the look-through reporting requirements for unit-linked funds mean a tremendous effort and cost expenditure for the insurer. Insurers are dependent on data supplied by fund management companies for this purpose. The data received for each fund has to be validated and aggregated by the insurer. This means a huge amount of data which is costly to generate. At the same time, the relevance of such unit-linked funds for Solvency II risk reporting is as questionable as the value for the supervision. Alternatively, the necessary data could be retrieved from where it is generated - at the fund management companies - instead of

	each insurance company reporting the same data on retail funds. Further, the introduction of the requirement to report mortgages, loans and property under the item 'country of issue' introduces an additional burden. Even if loans to natural persons do not need to be individualised, the weighted average maturity requires details of individual loans for the calculation, which is a very cost-inefficient process to obtain. It should be noted that even aggregated, this is typically a very immaterial asset item. The look-through requirement in S.06.03 for investment funds with an ISIN code (including unit-linked products) should be removed. For these funds, it should be sufficient to report the name, ISIN code, market value and quantity. If an asset has such a code, a supervisor can easily access additional information on the holdings of these investment funds. Industry welcomes EIOPA's acknowledgement that "*changes in the reporting requirements regarding look-through should be balanced with the use of complementary external financial information, especially to centralised sources provided by fund managers or resulting from other supervisory or statistical reporting requirements.* "However, as with S.06.02 above, it is not clear what "complementary external financial information" EIOPA expects national supervisors to collect to balance this additional burden. Guidance on how to realise this in practice would be appreciated.
P33 Advice (blue box) S.06.04 new template on look-through	It is inefficient to propose two separate look-through QRTs. Industry does not see the need for the introduction of a new template S.06.04, containing item by item information on the look-through of Collective Investment Undertakings (CIU) where the undertaking has influence on the strategy or where the undertaking performs a full look through of the CIU. The proposal from EIOPA to introduce this new template implies an additional reporting obligation for insurers, and the industry would ask EIOPA not to proceed with it. Alternatively, given EIOPA's proposals for the new S.06.04, industry proposes that the original S.06.03 is deleted. If EIOPA decides to proceed with its proposal, industry would need a clearer definition for the term "influence" – there will always be some influence, even if it is very minimal; however, it is the degree of influence that matters. In addition, EIOPAs proposal to introduce with S.06.04 a new reporting template for the purpose of a detailed fund look-through means additional effort and – in view of the low threshold of 10 % - increased reporting obligations for the companies. Further, it would undermine recent effort made to simplify the look-through approach within the 2018 review. This, without relieving companies significantly of their reporting obligation at the same time. The suggested item-by-item fund-reporting means a lot of effort for the companies, since complex new processes have to be implemented. Quarterly data quality assurance activities would also increase. For some entities over 10.000 data points would have to be reported in template S.06.04. In particular, the proposed division of the fund-look-through QRT into two parts and the necessity to collect additional data, implies a high implementation effort. Particularly with regard to real estate funds and alternative investments, the quality of the delivered data and also the delivery time of the data is often insufficient to meet the requirements of the new QRT S.06.04. The new template is supposed to be reported at least annually, regardless of the size of the undertaking or the amount of funds in relation to total investments. For smaller companies in particular, the effort required with the new reporting requirements of template S.06.04 is likely to be disproportionately high, with the result that they would be forced to refrain from investing in funds.

	Therefore, not only a threshold for quarterly reporting is needed, but also for annual reporting. Further the industry highlights that there is no definition for 'total investments', and as such it is not clear how the 10% threshold is to be determined. The fixed limit of one month for the usable reference date is very unrealistic and not possible to implement in practice both for S.06.03 and potential new S.06.04. Current deliveries – eg via so called Tripartite Template TPT – are regularly based on a quarterly cycle and are not available on a monthly basis. It does not seem to be feasible to use only fund data which is not older than one month. In addition, the production and delivery of such data – if possible at all – would entail considerably more effort and costs. Therefore, the industry suggests deleting the requirement that only data with a fixed maximum delay of one month are allowed. At least a delay of three months should be possible. In any case the implementation of the proposed changes requires a high effort (to changes the systems and the processes). Therefore, in order to implement the new requirements, companies need sufficient time in advance. From the sentence: "*In case of funds of funds, the look-through of the underlying asset categories shall be reported in S.06.03*." it is understood that funds-of-funds in general do not have to be reported via the new template, but only a look through via QRT S.06.03 is necessary. The insurance industry welcomes this restriction since insurers, in case of funds-of-funds, usually do not get such detailed information as is requested in template S.06.04. Since the scope of application of the new template is limited to funds, where the undertaking has influence on the investment strategy or performs a full look-through, the sentence "*The template shall include information corresponding to 100 % of the value in collective investment undertakings*" should be supplemented by the words "*in scope of this template*". This clarification would also correspond with wording in template S.06.03, where the scope of application is limited too.
P35 Advice (blue box) S.07.01 Structure products	EIOPA's proposal to maintain this as a non-core template with no changes is noted. This is a burdensome template to produce, and the added value it provides to supervisors is questioned. Industry would ask EIOPA to explain why this information is useful; otherwise, it proposes that the template is deleted. In case EIOPA decides to maintain its proposal, the industry highlights that a simplification of this template by deleting the items C120 to C190 - as discussed in the consultation paper - is deemed adequate.
P38 Advice (blue box) S.08.01 Open derivatives	The minor additions and deletions proposed for this template will cause issues for undertakings having to make IT systems changes – which will significantly add to costs. Adding the new item "unique transaction identifier", is seen as a necessary step to connect the reporting with the EMIR database held by trade repositories and, in a second step, replace the derivatives reporting to EIOPA with the EMIR database (see para 130) However, adding items in a reporting template always requires an adaptation of processes and programming works. It is disappointing that EIOPA has not decided whether it can rely on EMIR before starting this consultation. Instead, it has proposed additional fields for this template, and stated that "EIOPA considers that only if it would be possible to get the relevant information

	from EMIR, it could be considered appropriate to reduce the Solvency II derivative QRTs". We consider that EIOPA should carry out this investigation regarding EMIR overlap as soon as possible, and this work should be completed before it proposes the addition of new fields to this template. For assets with ISIN codes (or other recognised codes such as SEDOL), there should only be a requirement to report the name, ISIN code, market value and quantity in S.08.01. If an asset has such a code, a supervisor can easily access additional information. EIOPA has failed to understand an important issue regarding the reporting of external credit ratings – this issue is also relevant to template S.06.02. Such external credit ratings are required for internal Pillar I and Pillar II purposes; however, in order for such ratings to be reported outside the company, even to the national supervisor, the ECAI demands additional fees. To reduce costs for industry and hence policyholders, as well as avoiding unfairly boosting the profits of the ECAIs, EIOPA and the NSAs should accept the credit quality step as sufficient. Regarding C0460 (Currency of the price) - Specific examples would be helpful to get a clear picture of the requested information. It is assumed that item C0460 refers to items C0440 and C0450. For the avoidance of doubt this should be clarified or, if it refers generally to derivates, further specifications to this item on how to handle different kinds of derivatives would be useful. Furthermore, the industry highlights that it may cause problems to keep the LEI attributed by the undertaking consistent over time. It may hinder the proper development of the underlying system as additional fields and interface mappings need to be kept. This is prone to error and this requirement should not be maintained.
P39 Advice (blue box) S.08.02 Derivatives transactions	The insurance industry welcomes EIOPA's proposal to remove this template, as it is an unnecessary additional burden to the already very detailed S.08.01. Supervisors have other sources (such as the EMIR database) that will allow them to spot anomalous trading behaviour on derivatives. In addition, the possible supervisory actions mentioned in paragraph 144 and possible ad-hoc requirements of additional data in paragraph 145 should not be expected to be provided in the format of the (then deleted) template S.08.02 but in a format reasonably determined in coordination between company and NCA.
P40 Advice (blue box) S.09.01 –Income gains and losses in the period	EIOPA's assessment of this as a widely used core template for which it proposes no changes is noted. However, this is a burdensome template to produce, and the industry would question the added value it provides to supervisors. The industry would ask EIOPA to explain why this information is useful and where it is used; otherwise, industry proposes that the template is deleted. Also, since there are no changes proposed for template S.09.01 it still has to be noted that Solvency II is based on an economic perspective and does not have a "profit or loss account". The impact on the basic own funds is relevant. However, the requested information also duplicates information already provided in the Financial statements. In addition, investigations of income/losses and unrealized gains/losses of non-direct managed CICs are very costly. For example:

	CIC 7, 8 and 9. In order to avoid duplications, EIOPA could consider exempting insurers already reporting under IFRS or similar GAAP requirements, as these insurers already have the requested data available in other reports, such as IFRS Financial Statements. Ad. Cell C0080 should be allowed to denote either the "effective interest" or the "actual coupon" earned to avoid dual accounting.
P42 Advice (blue box) S.11.01 Assets held as collateral	The insurance sector welcomes the introduction of a 5% threshold, however if mortgages to individuals still remain in scope of this QRT, the newly introduced threshold will not provide much relief. Further, insurers note that real estate that serves as collateral for a granted mortgage loan should neither be reported in S.11.01 nor in S.03.01 and neither individually nor in sum. By analogy with mortgage bonds where the cover pool is not reported separately in S.03.01 or S.11.01 the real estate that serves as security collateral for the mortgage should also not be reported individually and not in sum. The reason for this is, that in both cases the real estate as well as the cover pool form an inseparable part of the mortgage loan respectively the mortgage bond. The fact that a security was received is decisive for the CIC determination, however the real estate itself cannot be reported separately. Therefore, they cannot be seen as an independent position that could be shown in S.11.01 or in S.03.01. This aspect should be clarified in the general comments of S.06.02, S.03.01 and S.11.01. Apart from that following the general comments on S.06.02, mortgages and loans to natural persons (CIC 8) must be reported summarised in one position as those assets are not required to be individualised. Further, the industry would ask EIOPA to set out why a rationalisation of the information request on the collateral would not be possible. The reasons for asking very detailed information from the insurer are unclear. In the industry's view, the most relevant information would be the economic value of the collateral, the type of the asset held as collateral, the counterparty and where the collateral is localised.
P43 Advice (blue box) S.12.01 Life and Health SLT Technical provisions	The insurance sector notes the deletion of the information on the transitional information in the template. There will be an incremental one-off cost associated with this change, which may be significant in some cases.
P44 Advice (blue box) S.12.02 Life and Health SLT Technical provisions-by country	Industry is concerned by EIOPA's proposal to delete S.04.01, S.05.02, S.12.02 and S.17.02 and replace them with a new, general cross-border template S.04.03. EIOPA is urged to reconsider this change and not proceed with it. Although the number of templates will be reduced, crucially, none of the data requirements will be lessened – all the information in S.12.02 can be found in the new S.04.03.03, but in a more granular form, further broken down by home office and branch. EIOPA is therefore proposing to move these existing data requirements to a new template, which will itself have further requirements. As well as the on-going burden of these additional requirements, undertakings will require substantial re-work of their processes to implement these changes.
P45 Advice (blue box) S.13.01 Projection of	The industry believes these proposals are unnecessarily onerous and burdensome and are therefore not acceptable. Despite EIOPA's proposal to increase the scope of undertakings exempted from this template, these are major changes that will require a

future gross cash flows	particularly significant re-design of undertakings' processes, and major changes to actuarial systems. The proposal to exempt all undertakings using simplifications for the technical provisions, for which an estimate of the expected future cash flows arising from the contracts is not calculated, is helpful. However, the request to report the value of the 'total recoverable from reinsurance' by LoB, and to split 'future benefits' in 'future guaranteed benefits' and 'future discretionary benefits' is seen as burdensome (from both a practical and technical point of view) with limited additional benefits. Undertakings will typically find it difficult to determine a clear cut-off point between the expected guaranteed cash flows and discretionary benefits, as there will be many different scenarios with different splits between the two. Further, these concepts exist for with-profits business, but not for unit-linked, health and other insurance liabilities. Hence if EIOPA decides to proceed with this split, it should apply to with-profits business only, and a possibility for proportionality based on relative thresholds, ie no split if the item is not material, should be considered. The industry also notes that: - in case a recalculation of the BE is made based on these cash flows, it could lead to misleading results. - If it is decided to request "Total recoverables by LOB", guidance should be given how reinsurance recoverables are to be treated which covers multiple LOBs.
Template S.14.01 Paragraphs 184 to 193	The industry notes that many of EIOPA's proposed changes are also designed to assess liquidity risk and illiquidity of liabilities (see EIOPA-CP-18-004 Request for feedback on Illiquid Liabilities or EIOPA-BoS-19/131 DP on Systemic Risk and Macroprudential Policy in Insurance). This work should be clearly identified as part of point 3.10. of EC's call for advice and EIOPA should explain how it would help facing macro-prudential issues. EIOPA proposes to request new data which are not yet included in reporting processes, which implies new IT costs. In addition, it is also uncertain as to what extent such a detailed and permanent analysis can and would provide benefits to the supervisory process. The industry believes that analysis with this level of detail should only be asked ad hoc and on an exceptional basis. From a reporting process perspective, insurers would ask EIOPA to consider splitting the QRT between accounting information (premiums, claims, expenses, commission data, etc.) and actuarial information (counts, liability data, etc.).
P48 Advice (blue box) S.14.01 Life obligations analysis	This template very is burdensome and costly to produce, as a lot of the data is not directly available in databases and will require database remodelling. The changes proposed are very substantial and will require a lot of effort to implement. It is not clear how the additional requested information will be used, and what the value added will be for EIOPA/NSAs – industry would ask EIOPA to set this out. Insurers also note with concern EIOPA's plans to add to this template once the ESAs Review final text and its role regarding sustainable finance and ESG factors is clearer. The industry has the following further remarks on this template: - Again, the number of insureds is to be determined, at product level. - In future, the premiums written per product are to be further broken down into additional 3 dimensions: at the level of

	single premiums/current premiums, at the level of sales channels (direct/via credit institutions/other) and at the level of portfolio/new business. Such a granular breakdown is currently not available, and could only be delivered at great expense, if at all. ■ Neither the commissions paid at product level nor the required breakdown of commissions into existing and new contracts are currently available. This information could only be obtained with additional effort, and implementation is not feasible at present. Against this background, industry believes this requirement is not acceptable. The reasons for EIOPA's decision to introduce a sales view for many templates is unclear. Many new data queries are not possible because data with this level of granularity is not available in the companies. It would be appreciated if EIOPA could further explain the supervisory purpose of these new requirements. ■ The reporting on the expected future premiums of new contracts in the FY is burdensome. Implementing the reporting requirement involves a great deal of effort, as additional model points and projection calculations would be necessary. ■ There are some instances of unnecessary double reporting: (1) the best estimate is reported in S.12 and S.14; and (2) premiums and payments are reported in S.05, S.14, S.29 and S.26.06. ■ Use of column notation such as "C0069a" will only introduce unnecessary complexity in the database representation. ■ The proposed LOG file does not explain how certain fields (for example, exit conditions per HRG) would apply to non-life annuities. ■ The industry would ask EIOPA to provide additional guidance on the presentation of S.14.01.01.01 and S.14.01.01.0X. With the changes to the format of C0010, and it no longer being the same as C0090, it appears that S.14.01.01.01 should be reported at a higher level than S.14.01.01.0X. It is not clear how to report a product written in different countries in S.14.01.01.01. ■ Several new data cells (c0052 and 0053) are proposed, for the purpose of consumer protection. It is unclear how the requested data will serve that purpose and whether the benefits will outweigh the costs of generating this information. ■ C0066/C0068 – these entries require regular premiums received to be reported where a recurrent premium is included in the value of technical provisions. This information would be expected to come from the general ledgers, but if a short contract boundary applies (and so the recurrent premium is not in the technical provisions), then the information is unlikely to be available from the general ledger. Insurers would ask EIOPA to provide clarity on what information it is seeking. ■ C0210 (fiscal treatment of the products) – this has a closed list of entries. It is not clear what is required when the closed list does not apply (eg for life insurance contracts). ■ C0260 (annualised guaranteed rate) – EIOPA proposes to widen the scope of this entry. It is not clear whether the guaranteed rate from inception of the product is required, or whether the implied guaranteed rate from the valuation date to the end date is required. Insurers would ask EIOPA to provide clarity. ■ The exact definition of 'remaining contractual maturity' is missing and there may be issues with getting the respective statistics and getting detailed values from the model (BEL, present values) The industry believes these requirements are unnecessarily onerous and burdensome and are therefore not acceptable (see also

	comments on S.04.01). In particular, it is not clear how relevant any of these new requirements are to non-life annuities.
P49 EIOPA's question	*"Do you support the overall aim to streamline the different granularities of reporting within the templates in S.14.? (explanation: in its current version the first three templates are to be reported by product and the fourth one by HRG, the question intends to reflect the preference for aligning the granularity across these templates, but acknowledging the challenges – see also above)* *Both proposals can be found in the Annex VIII (templates) and Annex IX (Instructions).* *QRT S.14.01.01 intends to serve supervisory information needs on the characteristics of products with life insurance obligations. The template includes four tables, three of which are reported on the level of products and another table that is to be reported on the level of homogeneous risk groups (HRG). Whereas the level of HRG is undertaking specific, NSAs have room to require – for their national market - a level of granularity for the reporting on product level to ensure comparability across undertakings."* Industry does not believe that increasing the requested level of granularity can be described as "streamlining" reporting. Requesting a net of 23 new columns for portfolios and products for (assuming) both life and non-life items will drastically increase the workload and reporting burden. In addition, feedback of some larger life insurance companies shows that the granularity is above what the management of a company assesses and relies on.
P50 Advice (blue box) S.15.01 Description of the guarantees of variable annuities EIOPA S.15.02 - Hedging of guarantees of variable annuities	The insurance industry welcomes the proposal to remove these templates.
P53 Advice (blue box) S.16.01 - Information on annuities stemming from Non-Life Insurance obligations	The insurance industry welcomes the proposal to exempt reinsurance business. However, the clarifications proposed for the general instructions are counterproductive and will create more confusion. EIOPA has created a distinction between "settled" and "formally settled". The latter concept has been defined; however, the proposal is for the text to be amended to refer to the former, which has not been defined. From this, it can only be inferred that this means claims likely to settle as annuities in the future also have to be reported here. This will make the resulting template more volatile, and movements more difficult to explain. The industry considers that the current requirements are appropriate; additionally, EIOPA has not provided any examples of issues with the current instructions. The industry therefore proposes that this change is not made.

P53 EIOPA's question	*"Regarding the threshold concrete views from stakeholders are welcomed on how to revise it in order not to create a more complex system than the one in place today unless it really reduces the burden of reporting (see proposal above)."*
P54 Advice (blue box) S.17.01. - Non-Life Technical Provisions	The insurance sector notes the deletion of the information on the transitional information in the quarterly template. There will be an incremental one-off cost associated with this change, which may be significant in some cases.
P54 Advice (blue box) S.17.02. - Non-Life Technical Provisions – by country	Industry is concerned by EIOPA's proposal to delete S.04.01, S.05.02, S.12.02 and S.17.02 and replace them with a new, general cross-border template, S.04.03. Insurers would urge EIOPA to reconsider this change and not proceed with it. Although the number of templates will be reduced, crucially, none of the data requirements will be lessened – all the information in S.17.02 can be found in the new S.04.03.03, but in a more granular form, further broken down by home office and branch. EIOPA is therefore proposing to move these existing data requirements to a new template, which will itself have further requirements. As well as the on-going burden of these additional requirements, undertakings will require substantial re-work of their processes to implement these changes.
P55 Advice (blue box) S.18.01. - Projection of future cash flows (Best Estimate - Non-Life)	The sector notes that requesting LoB information for material LoB, representing a coverage of 90% of the technical provisions is quite demanding and it is complex to implement in automated procedures. The industry would ask EIOPA to make clear why such information is considered essential for supervision. It is noted that this increase in complexity can force (small) insurers to apply simplifications to cope with the reporting burden. The industry deems an 80% threshold to be appropriate. The industry highlights that with the proposed 90% threshold, smaller LoBs would have to be included. Industry welcomes the decision to extend exemptions to all undertakings that are using simplifications for the calculation of technical provisions, for which estimates of the expected future cash-flows arising from the contracts are not calculated.
P59 Advice (blue box) S.19.01 - Non-life insurance claims	Industry welcomes the elimination of the requirement to report the total using the reporting currency. However, this template is burdensome and costly to produce, as a lot of the data is not directly available in databases, and the changes require insurance companies to discard already implemented automatization. Industry considers that the reported but not settled (RBNS) triangles should be deleted from this template. The revision of the risk-based threshold for material LoB is welcomed. An increase in the risk-based threshold for currencies would be welcome, as this might help reduce the number of triangles that are currently reported. The industry deems an 80% threshold to be appropriate. The industry highlights that with the proposed 90% threshold, smaller LoBs would have to be included. Please also refer to the comments made on S.16.01 above regarding obligations that are moved from S.19.01 to S.16.01.

P60 Advice (blue box) S.20.01 - Development of the distribution of the claims incurred	The industry welcomes the introduction of a risk-based threshold, although this template will remain burdensome and costly to produce, as a lot of the data is not directly available in databases. Furthermore, this risk-based threshold is complex to implement in automated procedures. The industry deems an 80% threshold to be appropriate. The industry highlights that with the proposed 90% threshold, smaller LoBs would have to be included. Industry considers the information in this template to among the least useful collected by EIOPA. In particular, it requests data on reported but not settled (RBNS) claims. This is not a Solvency II requirement, and industry would ask EIOPA to clarify the value the inclusion of RBNS data provides to supervisors.
P61 Advice (blue box) S.21.01 - Development of the distribution of the claims incurred	The industry welcomes the introduction of a risk-based threshold. However, it should be noted that it is complex to implement in automated procedures. The industry deems an 80% threshold to be appropriate. The industry highlights that with the proposed 90% threshold, smaller LoBs would have to be included.
P63 Advice (blue box) S.21.03 – Non–life distribution of underwriting risks – by sum insured	The industry welcomes the introduction of a risk-based threshold, although this template will remain burdensome and costly to produce, as a lot of the data is not directly available in databases. And it should be noted that the risk-based threshold is complex to implement in automated procedures. The industry deems an 80% threshold to be appropriate. The industry highlights that with the proposed 90% threshold, smaller LoBs would have to be included.
P64 Advice (blue box) S.23.01 – Own Funds	Industry considers this to be a helpful snapshot of a firm's solvency position and is supportive of EIOPA's proposal to maintain this (and S.23.02 - S.23.04) as core templates, with some revision and clarification of the Instructions.
P65 Advice (blue box) S.23.02 - Detailed information by tiers on own funds	*Several changes are proposed to the structure of the report, but the new template seems to be missing in the consultation package.* Industry would query the need for the additional information EIOPA proposes to include in this document, given that it is readily available in the financial statements of reporting entities. In addition, due to different accounting systems (also national- IFRS), comparability does not exist and therefore, in the industry’s opinion, does not make sense. Furthermore, a reconciliation of the national equity to Solvency II equity is presented in the SFCR. This would also be a duplication of the data. The proposed changes will require a lot of additional implementation workload. The currently provided definitions are not sufficient to identify which figures are necessary. Clearly, both data calculation as well as appropriate validation will be complex tasks to complete. It should be noted that some clarifications would also be needed, as the items listed as subordinated liabilities in the proposal do

	not make sense (this is potentially due to a formatting issue in the EIOPA document). Further the industry notes that in order to complete this template, a sequential process is introduced. First, insurers have to complete the financial statements, only thereafter can this template be completed. And not all smaller insurers complete their financial statements in the same timelines as the required QRTs. Should EIOPA decide to implement this proposal, a threshold should be introduced to accommodate the SMEs.
P66 Advice (blue box) S.23.03 – Annual movements on own funds	The industry welcomes the introduction of a risk-based threshold.
P67 Advice (blue box) S.23.04 – List of items on own funds	The industry welcomes the introduction of a risk-based threshold.
Para 313 p71	EIOPA notes that 'Internal models allow undertakings to better calculate their capital requirements according to their risk profile, but should be adequately monitored. ' Supervisors already have tools available to them to ensure that internal models continue to generate prudent SCR numbers, such as regular monitoring and approval of internal model changes (for which EIOPA is proposing an additional template). Contrary to the assertion in para 313 that the standard formula is an appropriate tool to monitor how differences have evolved since model approval, industry considers that a standard formula is in fact an inappropriate, arbitrary tool for such ongoing monitoring. As a capital measure designed for firms with the average risk profiles, it will not appropriately capture changes in atypical risk profiles and give highly misleading measures of the changes.
P72 Advice (blue box) S.25.01 - Solvency Capital Requirement - for undertakings on Standard Formula	The industry deems it both unnecessary and inappropriate to require internal model undertakings to report template S.25.01. Industry notes that EIOPA is proposing an amendment to Article 112(7) of the Solvency II Directive, which would require undertakings with Solvency II internal models to submit S.25.01 as part of the RSR, something they are not currently required to do. EIOPA's main justification for this is to allow supervisors to make better comparisons between undertakings. Undertakings using Solvency II internal models do so because the standard formula does not reflect their risk profiles well enough. Internal models are specific to the entity at a very granular level **making any comparison between standard formula figures meaningless.** Further, it would be extremely burdensome for internal model undertakings to produce this information. Approximations would inevitably be needed, which could result in misinterpretations. The proposals give misplaced recognition and credibility to standard formula results for internal model users. In allowing for internal models, the Solvency II framework recognises that the standard formula is designed and calibrated to capture the risk

	profile of the average insurance undertaking, and cannot be made appropriate for all types of insurance business. The more the risk profiles of undertakings deviate from the average risk profile assumed in the standard formula, which is particularly the case for reinsurance for example, the more inappropriate the standard formula will be for such undertakings. Industry notes that **supervisors already have an extensive suite of tools available to allow them to maintain close and continuous supervision of undertakings' Solvency II internal models**. Supervisors are responsible for the original internal model approval, for approving any major change to that model, and will typically be notified of all other changes on a regular basis. These proposals, combined with the proposals for additional reporting of standard formula data in S.26 and S.27, plus the new model change template, represent a substantial increase in the reporting burden for undertakings with Solvency II internal models. Industry does not consider the supervisory benefit would justify such a substantial set of changes. Internal model undertakings are closely monitored by the respective NSAs, if EIOPA believes that this monitoring is currently inadequate, industry would ask it to set out why it considers this to be the case. In the event that EIOPA does require internal model undertakings to complete this form, industry would ask it to set out whether this is a requirement at Group level or just for solo entities, and also to provide explicit confirmation of whether or not this template will need to be publicly disclosed. If EIOPA wishes to enhance comparability between undertakings, it could follow the more straightforward approach used in certain jurisdictions by specifying the unique component codes to be used by insurance undertakings when identifying their internal model components. It could then advise how such codes could be used to compare against (for example) the standard formula market risk module, so that some independent comparability checks may be made. In summary, industry believes it is inappropriate for EIOPA to suggest changes to the Solvency II Directive to that effect that internal model users are obliged to report /calculate (beside the internal model numbers) the results of the standard formula. It is not acceptable to require an undertaking to run two parallel systems – the internal model and the standard formula. An undertaking is using an internal model because its risk profile differs from the standard formula assumptions. Against this background, the industry deems it very critical and wholly inappropriate to oblige an undertaking using an internal model to calculate and to report/publish on standard formula calculations.
P73 Advice (blue box) S.25.02 - Solvency Capital Requirement - for undertakings using the standard formula and partial internal model AND S.25.03 - Solvency	Industry deems it inappropriate to introduce a standardised template for internal models as it would require firms whose internal models' structure is not comparable to either report non-comparable information or not to provide this information. The existing reporting requirements at the level of the modules should be maintained. Where internal model supervisors require further information on a particular model, approaches involving entity specific templates usually already exist and are to be favoured. These templates are specifically designed to fit to the structure of the undertaking's internal model and to fulfil NSAs' requirements. This cannot be achieved by a standardized temple as it is never going to fit to every internal model given that there is no room for taking company specific structures of approved internal models into account. Implementation will have significant cost implications without adding any value to the reporting. As a standardised template by nature cannot fit exactly to the structure of an entity's internal model, there will always be fields reported empty or non-

Capital Requirement - for undertakings on Full Internal Models	comparable. Considering that no qualitative statements can be included and because the number of reported fields potentially based on approximated numbers is enormous, the proposed reporting templates will only serve as a source of misinterpretation of the results / structures of an entity's internal model. Where further information on a particular model is required, existing entity specific templates describe the entity's risk profile in a more accurate fashion. EIOPA's proposed approach will instead result in duplication and create a high burden for internal model users.
P75 Advice (blue box) and further S.26.01 - SCR - Market risk /S.26.02 - SCR - Counterparty default risk/ S.26.03 - SCR - Life underwriting risk / S.26.04 - SCR - Health underwriting risk / S.26.05 - SCR - Non-Life underwriting risk / S.26.06 - SCR - Operational risk /	Industry notes that EIOPA is proposing an amendment to Article 112(7) of the Solvency II Directive, which would require undertakings with Solvency II internal models to submit templates S.26.01 to S.26.06 as part of the RSR, something they are not currently required to do. For the reasons set out in our response on S.25.01 above, industry considers this to be unnecessary and inappropriate.
P81 Advice (blue box) S.27.01 - Solvency Capital Requirement - Non-life and Health catastrophe risk	Industry notes that EIOPA is proposing an amendment to Article 112(7) of the Solvency II Directive, which would require undertakings with Solvency II internal models to submit template S.27.01 as part of the RSR, something they are not currently required to do. For the reasons set out in this response on S.25.01 above, industry considers this to be unnecessary and inappropriate.
P86 Advice (blue box) S.29.01 to S.29.04 Variation analysis	The industry agrees with EIOPA's statement and welcomes the proposal for deletion of the variation analysis templates. These templates are fundamentally misaligned with the way that insurance companies report similar information internally. This increases the reporting burden, but also calls into question the usefulness of the data. Therefore, from the industry's point of view there is no need for replacement of these templates. EIOPA itself noted *that "In its current design it is very labour and cost intensive and does not provide the insights supervisors need."* Therefore, these templates need to be deleted.

	The new template for S.29.05 is more onerous than the two templates it is replacing; it is very granular and would require significant redesign of undertakings' processes and changes to their actuarial systems. It is inconsistent with how an insurer will typically analyse the change in its liabilities (both BEL and TPCAW) from one valuation to the next. The effort to fill this new QRT is extreme, compared to the completion of the previous QRT, the introduction of 24 (S.29.05) and 21 (S.29.06) new key figures at a very high granularity level will require very intensive analysis. While correctly collecting the data on a Life /Non-Life Basis was already challenging, the introduction of reporting per LoB will drastically increase the necessary effort to report the figures. The wealth of detail in the new QRT p.29.05 goes beyond all realistic planning with regard to reporting deadlines, and this cannot be compensated by removing S.29.01 and S.29.02 where almost all figures could be automatically calculated based on previous & active QRT submissions. The industry would add that both S.29.05 and S.29.06 appear to be very confusing; it is difficult to see how the information they contain could be of use. EIOPA will be aware that the previous set of templates were the source of considerable confusion and uncertainty – these two new templates will not resolve that problem.
	
	More specifically for life insurance, the new template S.29.05 requires for every detailed component of the best estimate a systematic analysis between:
	
	- deterministic and stochastic calculation;
	
	- actual experience and calculation.
	
	Proceeding so is very demanding in terms of calculation process and requires multiple calculation runs. It is also uncertain as to what extent such a detailed and permanent analysis can really provide benefits for the supervisory process. The industry believes that analysis with this level of detail should only be asked ad hoc and on an exceptional basis.
	
	However, if EIOPA decides to proceed with S.29.05, insurers would ask it to provide a detailed explanatory note similar to that already provided for S.29.03/4. The LOG files do not provide enough clarity.
	
	Further detailed feedback/questions regarding the templates:
	
	■ Regarding S 29.06.01, Annex XX:
	  ■ Industry would also ask EIOPA to explain the difference between BEL and BECE. The difference appears to change from "removal of stochastic variability in the BEL" to "removal of all future discretionary benefits". This is not consistent with current BEL analyses.
	  ■ Two opening values are requested in R0010 and (BE and BECE). Industry believes there should be a row where the difference is presented. And industry thinks the total should be aligned with Loss absorbing capacity of the technical provisions.
	  ■ For clarification, industry suggests EIOPA to provide some examples for R0030, rather than stating what should not be reported.
	  ■ In R0030/40 R0050 EIOPA refers to the BE, while in row R0020 the BECE is mentioned. If the BECE is not included

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as part of the actual movement and is only needed for disclosure purposes, it would be better to be requested as a different table.
EIOPA is asked to set out as to why R0060 is to be included in this template, which refers to BE Life insurance.

In template 29.05.02 EIOPA asks for information on expected and actual cash flows. EIOPA is asked to clarify whether these would be discounted or undiscounted.
29.05.03, annex XX: EIOPA is asked to clarify whether C0070/R0280 is to be calculated after all other changes are accounted for or whether it should be based on C0010 R0020.
29.05.04, annex XX: EIOPA requests a split of the amounts presented as part of cell C0090 R0360, into various components, and classifies this as "actual". In most cases, there is only one payment and the split will be made arbitrary. The industry believes this split is not necessary. In the remainder of the template several payments are split into further, more granular components, the industry questions the need for this. As such, the variation analysis becomes overly detailed and technical.
Template 29.05.05, annex XXX requests very detailed information from insurers (C0110 / R0480-R0520). The industry questions the need for this information, in particular because the amounts will be immaterial unless a major lapse event would take place.
Annex XXII: according to para 7 and 8, the changed VA templates are the answer to "enhanced monitoring against market-wide under-reserving". However, the industry doubts whether this will be achieved with the very granular data request as currently put forward.
Under-reserving can only be detected when the actual premiums that are being asked are reconciled with the claims and benefits payable for that specific contract or cohort of contracts. This has to be monitored for several years before being able to experience a trend and to draw any good conclusions. Which would be very burdensome in a template. If needed (see also the response to the DP on Macroprudential tools), a thematic data call could be done.
Furthermore, a market-wide under-reserving can only apply at Member State level. The costs of completing these templates will outweigh the possible benefits.
Macro-wide under-reserving, if existing at all, will be an issue to be dealt with by the local supervisor. They will have a view whether premiums are too low or the best estimate is too low and will act accordingly.

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<tr><td>S.29.06</td><td>Cell C0010-C0020/R0020 is not consistent with the text presented in QRT S 29.05.01 C0010/R0030. The same applies to C0010-C0020/R0030 with cell c0010/R0040 of QRT S 29.05.01.</td></tr>
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P86 EIOPA's question	*"Stakeholders are invited to comment on the proposal, in particular what could be the main difficulty when filling the new VA templates (how to improve instructions). How could be further improve the template to gain good quality data on Best Estimate movements of the year."* Question regarding Annex XIX, S. 29.05, Cell D38: are these assumptions at opening date or rather at closing date? If EIOPA proceeds with this proposal, a list of explanatory notes will be needed, similar to those already produced for the existing templates. The proposed new templates are likely to be as complex and counter-intuitive as the current ones, and possibly more so. Following EIOPA's question " *How could be further improve the template to gain good quality data on Best Estimate movements of the year*." A clear working example would help in understanding how the template works. The industry is not convinced that the granularity requested in the VA templates is necessary for the goal of prudential supervision. Supervision is not directed at a very micro level, as EIOPA's itself mentions in annex XXII, its objective is macro prudential supervision.
P91 Advice (blue box) S.30s - Facultative covers for non-life and life business basic and shares data and Outgoing Reinsurance Program basic and shares data	The industry welcomes the simplifications and the introduction of a risk-based threshold. However, in our view the proposed threshold of 1% is too low. Further explanatory notes on these templates would be of value.
P92 Advice (blue box) S.31.01 – Share of reinsurers (including Finite Reinsurance and SPVs	The currency field is a very onerous addition to this template. It is not possible to analyse such assets by both currency and counterparty simultaneously, without relying on expert-driven judgement. Further explanatory notes on this template would be of value.
P92-93 Main information gaps identified	Industry notes EIOPA's proposal to cover the gaps it has identified in its reporting package in two ways - by creating new templates, and by incorporating new templates into the XBRL taxonomy but not including them in the ITS. The intention is that these latter harmonised templates would cover areas such as: (1) deferred taxes and LAC DT; (2) issuance of loans and mortgages; (3) pension plans and products; and (4) shareholder data. They would be available for national supervisors to request at any point. Industry has two concerns over these new "harmonised" templates. Firstly, they represent a significant increase in the overall reporting burden, contrary to EIOPA's stated intention to take a proportionate approach to this review and avoid adding to the

	reporting burden where possible. Secondly, by including the new templates in the XBRL taxonomy but not the ITS, EIOPA appears to be circumventing the usual process of reporting requirements being set by the co-legislators and set out in the ITS; there should be no "shadow requirements" set out in a taxonomy with no clear legal basis.
P95 Advice (blue box) New templates on cyber risk	In principle, it makes sense to include cyber risk reporting, as otherwise the corresponding risks "disappear" in the individual LoBs. However, it is questionable whether it is (technically) possible to identify and report damage caused by cyber with data of sufficient quality. The draft appears to have been derived from the template on "Underwriting risks non-life" (p.21.02.X), in which the 20 largest individual non-life risks are queried. The fields C0070 and C0080 in particular point in this direction. However, the new suggested template on cyber risk does not include a limitation to the 20 largest cyber risks. Reporting all individual cyber risks is not suggested in EIOPA-BoS-19-305 (para 452) and requesting this would also be completely disproportionate. Ideally cyber reporting should be product-specific, with an appropriate aggregation level and restricted to affirmative cyber coverages. This approach guarantees a proportionate and risk-based approach for all players. This will translate into reduced reporting for undertakings with simple, non-complex risk profiles. For example, for national undertakings with no cross-border business and not covering cyber risks. Non-affirmative cyber coverages cannot be separated from the original cover so the whole portfolio (property, casualty, legal expenses, etc.) would have to be reported again without any surplus. Furthermore, EIOPA's proposed template contains generic headings (operations cover, physical injury to third parties, etc.). This detail is not captured directly by most companies, so will likely have to be produced by a process of expert-driven estimation, which itself is difficult given that cyber insurance is a relatively new business area and best practices are still evolving. EIOPA should refrain from imposing a particular view at this stage. In addition, it should be noted that the Excel file still contains links to EIOPA internal documents and therefore does not work correctly. Further specific comments: ■ In C0050, the insurer has to choose one LoB, but industry believes there should be a possibility to select multiple LoB when deemed appropriate. If not EIOPA is requested to provide further guidance how the LoB is to be chosen. ■ C0070 and C0080 are very burdensome to include. It would be very difficult, if not impossible for an insurer to implement this if contracts can start any day of the year, as this could result in 260 or more rows.
P95 EIOPA's question	*"Stakeholders are invited to comment on the proposal, in particular on the level of granularity they see as feasible to report good quality data on cyber underwriting or on defining a specific LoB in Solvency II."*

P96 Advice (blue box) S.14 template for non-life	EIOPA assesses there is "a big gap", which is to be filled by this template. However, it is not obvious where this gap exists (except that there is already a corresponding template for life but not for Non-life. The proposals for S.14.01 (Life obligations analysis) and its new non-life equivalent represent another material increase in the reporting burden. A significant number of additional fields have been included, and for non-life firms the template is completely new. It is not clear to what extent the information requested actually helps the supervisory authority to better assess and monitor the solvency situation and stability of a non-life insurer. The template seems to satisfy rather a general information interest of the supervisor or to aim at other areas: "more advanced data analytics and ultimately increased policyholder protection". In addition, the template mainly takes a sales view, ie "How much new business was written and via which channels?" Industry would ask EIOPA to set out more clearly why this increase in reporting burden is necessary. In view of the heterogeneous nature of the Non-Life business, the provision of the data for the new template will in any case cause considerable expense for companies. The expense can increase exponentially depending on the definition of a "product". For example, in Germany the national reporting regulation for Insurance Companies (BerVersV) alone provides for 24 classes of insurance at the highest level for non-life. These are subdivided into 77 sub-groups under which there are over 120 "products" listed. This does not yet include special (individual sales unit) product combinations (Multiline, modular products, Cyber etc) and different tariff generations. Based on these arguments, the industry strongly opposes the introduction of this template. Ad. C0040/C0050/C0060/C0070: EIOPA is requested to set out how a contract which covers multiple LoB is to be treated.
P96 EIOPA's question	*"Stakeholders are invited to comment on the proposal, in particular what could be the main difficulty when filling the new template or how to improve instructions to ensure data quality."* Preparation of the Life Products QRT (S.14.01) is already very problematic for companies. The introduction of a non-life version will not be easy and will entail a lot of implementation costs, for very little benefit.
P97 Advice (blue box) Template for model changes to the internal model	The industry believes that this information is not needed, as it is currently already sufficiently covered in the discussions between the undertaking and the NSA through the internal model supervision process. Industry notes that EIOPA is proposing a new harmonised template for reporting internal model changes, to make comparison, identification of trends and impact analysis across Europe more straightforward. This template will include information on major and minor changes, changes to Model Change Policies, accumulation and reset information for minor changes, and details of the impact on the SCR and Own Funds. EIOPA appears to be significantly increasing the oversight it makes of Solvency II internal models, an area that is the responsibility of national supervisors. There are already specific local regulatory requirements that need to be met in order to get model changes approved. EIOPA could request this information from the NSAs, rather than placing a further, separate burden on undertakings. Industry would ask EIOPA to make clear the purpose for which it is collecting this data, and the use to which it will be put. We would reiterate the purpose of a Solvency II internal model is to be a bespoke reflection of an undertaking's own, unique risk

	profile, and attempts to standardise them may not always be appropriate. If EIOPA wishes to enhance comparability between undertakings, it could follow the more straightforward approach used in certain jurisdictions by specifying the unique component codes to be used by insurance undertakings when identifying their internal model components. It could then advise how such codes could be used to compare against (for example) the standard formula market risk module, so that some independent comparability checks may be made. The industry highlights that the supervisory process already requires internal model undertakings to have every change to the internal model reviewed and validated by the supervisor. Furthermore, supervisors have direct access to the internal model change policy. The existing supervisory process is already strong enough with regard to internal model changes. Providing a uniform template cannot capture the large variety of internal model features and potential changes, and will create problems of a common definition for internal model users and would result in over-engineering with an increased cost without any proven significant benefit for supervision and policyholder protection. Specifically regarding NL_PEXP_GRO_R1_C12 To NL_PEXP_GRO_RXX_C12, NL_REXP_NET_R1_C9 To NL_REXP_NET_RXX_C9 (Best estimate expenses (allocated)): Because of the company's model structure it is not able to deliver these QRTs, because the allocated expenses are modelled together with the losses, such that the data is not available. Ad. C0110, a new risk type "pension risk" is introduced, the industry notes this is not in line with the taxonomy of the SF. The industry believes pension risk, if recognised by some insurers, should not be introduced as a general feature.
P98 Incorporation in the XBRL taxonomy	Industry believes this may lead to an additional reporting burden for undertakings as NSAs will be inclined to ask for more information, which may lead to a parallel reporting set on top of the existing QRT reporting package. Furthermore, there is a risk that new reporting formats will be introduced via the taxonomy without prior technical consultation. And it is completely unclear to what extent these templates can be used by the national supervisory authorities (e.g. ad hoc use or regular reporting). Please also see our comments under "Main information gaps identified" above.
P98 EIOPA's question	*"This consultation paper does not include a proposal for templates yet but EIOPA would like to receive comments on this new concept."* The XBRL taxonomy should always be reflected in the ITS standard. Allowing NCAs to request national templates will result in non-harmonized reporting where in the long run national requirements will perpetually increase and diverge from pan-European standards. If national supervisory authorities require additional information in the QRTs, these requests should be aligned with EIOPA standardization and accompanied by clear and streamlined definitions.
Impact assessment P101 Option 1.3 Cost for the industry	EIOPA notes in its impact assessment a decrease in costs is expected in the long-term. The industry believes this is not the case.

Comments to Annexes

Annex XVIII – context of IM reporting proposal P2 EIOPA's Question	On p2 item 4 EIOPA notes that 'NCAs can ask for more data in order to supervise an internal model. ' The industry notes that this risks leading to more (ad hoc) reporting. *"Stakeholders are especially invited to comment on use and benefit of the data requirements for internal model supervision, as views of supervisors are still developing and conclusions are expected to benefit from experts' input. In your comments please also consider the use of comparison across undertakings and over time. "*

Comments to Solvency and Financial Condition Report (SFCR) and Narrative Supervisory Reporting

General	Industry sees the introduction of two **different and clearly defined stakeholders – the policyholder and the professional users - as** an improvement, given the negligible interest shown by policyholders in the current SFCR, and the disproportionate effort put into preparing the information. Industry supports EIOPA's implication that the SFCR should not address the information needs of supervisors. EIOPA's proposals for a "concise, simple, objective, balanced and non-promotional" policyholder part are sensible. Industry would ask EIOPA to confirm that this can be achieved within a two-page document, as stated during its 15 July 2019 public event. Indeed, the improved format should not lead to increased workload. Otherwise, the current proposal could turn the SFCR into a very extensive document where both sections essentially contain the same chapters and corresponding information, adding a lot of extra work and burden for insurers as they have to update the same information. It is also important to ensure that the content in each part does not simply duplicate information and data. At the same time however, the industry is disappointed by EIOPA's lack of ambition to make much needed changes requested by the industry. Specifically: ■ The content of the section for professionals in the SFCR remains largely unchanged, the industry believes the professional section should be limited to quantitative templates only. ■ There are many duplications between the SFCR and other reports, for example the annual report and the RSR, that should be addressed. For example, corporate governance, an area covered by other regulations and which is publicly available, should not be required to be included in the SFCR or the RSR. Industry assumes that in EIOPA's final proposal the information requirements are removed from both the SFCR and the RSR and not only from the SFCR as the current proposal indicates. ■ The large majority of insurance companies also have strong concerns over the large number of (in some cases very severe) standardised sensitivities proposed for inclusion in the SFCR. Disclosing sensitivities should remain a decision of the insurer. Further the number of standardised sensitivities included should be reduced and made less severe. Sensitivity disclosures increasingly conform to a developing market practice and EIOPA should not try to prejudge and force industry best practices but

	rely on the industry efforts already underway. The effort to prepare the SFCR report is disproportionate to the very limited number of readers of this report. In addition, EIOPA proposes to introduce an auditing requirement for the Solvency II Balance Sheet as a minimum. The industry notes this represents a substantial additional cost for undertakings, again disproportionate to the very limited number of readers of this report. The introduction of a minimum measure entails the risk that special national regulations will be introduced. It is therefore questionable why a Europe-wide regulation should be introduced at all. In any case (both for policyholder and professional users) disclosures around the LTG measures (MA, VA) are, in the view of the industry, disproportionate and inconsistent with those of other elements of the Solvency II framework. The rationale supporting this industry view is explained as follows: - The VA and MA are key elements of the framework at its highest level (Level-I Directive) and as such one of the fundamental elements of the framework. Requiring companies to disclose the impact of a scenario in which the MA or VA would not exist might convey the unintended message to the markets that the LTG measures might be a potentially movable or ancillary element of the framework that might at some point exist or not. The industry considers that such a message would be highly detrimental to all stakeholders. The LTG measures are permanent measures under the SII framework as opposed to transitional measures. However, QRT S.22 and the SFCR both require disclosure of the impact of a scenario in which the MA or VA would not apply (or would be set equal to zero), which, from the perspective of the industry, is inconsistent with its permanent nature. Therefore, we propose that Article 44(2a) of the Solvency II Directive is amended to remove this requirement. - In this sense, the MA=0 scenario may only have one coherent interpretation under Solvency II: the impact that the company might no longer be allowed by the relevant national supervisory authority to apply the MA, because of noncompliance and subsequent non-restoring of compliance in the relevant timeframe. The industry believes that this scenario would be more representative of operational risk than any other risk, whereas the messages conveyed could be misinterpreted as an economic/financial, rather than operational risk. Therefore, the requirement to publicly disclose the impact of a MA/VA=zero scenario should be removed from the SII framework as part of the 2020 Review of Public Disclosure." Furthermore, industry would ask EIOPA to clarify how insurers who have gained approval from their national supervisor to produce a single Group-wide SFCR should separate the information for policyholders (which should not include Group level information under the proposals) from the information for professional users. Further proposals regarding SFCR: - Instead of requiring undertakings to include standard EIOPA text defining various terms, industry proposes that the SFCR should provide a link to an EIOPA web page where these definitions are provided. This would provide the advantages of shortening the document, allowing EIOPA to keep definitions up to date, and giving policyholders reassurance that they are independent definitions not written by firms. At the same time however, it is important to keep in mind that there are significant differences among the Member states in terms of eg the insurance products that are offered. As such, such a list of

	definitions must be tailored to the different markets within the EU to reflect fundamental differences. Otherwise such a list risks creating confusion among the policyholders.
P3-5 Advice (blue box)	The industry welcomes the clarification of addressing two target groups, ie a policyholder section and a section addressed to other users. The insurance sector broadly agrees with the content EIOPA has set out for the policyholder part. On the positive side: - Only solo information is requested. - Information should only be presented including transitionals and LTG measures; indeed, these measures form an important part of SII and therefore they should be reflected in the report. On the negative side, the industry believes that currently it is not appropriate to request a statement regarding the consideration of ESG factors in the investment policy in the SFCR. The SFCR should contain references to sustainability only when sustainability risks affect the solvency and financial situation of the undertaking. The industry also notes that since the policyholder part of the SFCR refers to solo entity information only, and groups are not covered until the "second wave" of EIOPA's consultation on reporting and disclosure, it is not yet clear what is expected of undertakings that produce a combined 'single group' SFCR for a group and its solo entities as per Article 256.
P 8-9 Advice (blue box)	Industry is supportive of EIOPA's objective to remove the significant duplication between the SFCR and other sources of information, such as insurance companies' annual reports. Industry is also supportive of EIOPA's call to remove "padding" and generic statements. The industry would ask EIOPA to consider setting out guidelines on this. However, despite these proposals for streamlining, it is noted that there will be no reduction in the reporting burden, as it appears that the items no longer required will be moved to the RSR. Industry is disappointed with EIOPA's confirmation that the number of QRTs will not be reduced, and new QRTs for SCR sensitivities and Own Funds variation over the year will be added (see below). Industry also notes with concern EIOPA's intention to increase its prescription of how the SFCR should look, for example with the inclusion of more structured formats such as prescribed graphs and tables. The SFCR should be created and owned by the undertaking, based on high level principles (rather than detailed rules) set out in the Solvency II legislation. The industry is concerned by the lack of detail on EIOPA's proposed harmonized tables. It is not clear to what extent they will resemble what insurance undertakings already do, and what new information they will contain. In principle, insurers disagree with this level of prescription within the SFCR – companies should be able to provide the information they wish, as the requirement is to provide information as set out in the financial statements.
P 11-12 Advice (blue box)	EIOPA proposes to have a standardised set of sensitivities. In our opinion this is neither appropriate nor proportionate. Disclosing **sensitivities** is already an important part of financial communication of (re)insurers. Even if in some cases it can create comparability

	issues, the financial communication should remain a decision of the (re)insurance group. The industry doubts the SFCR is the right report for disclosing standardised sensitivities, disclosing sensitivities should remain a decision of the insurer. Furthermore, the number of standardised sensitivities included should be reduced and made less severe. Furthermore, every sensitivity on the SCR coverage ratio creates an administrative burden and is costly as it requires triggering the whole calculation process both for balance sheet and every SCR risk module, while the information brings limited or no added value. (Re)Insurers generally disclose a limited amount of sensitivities, due to the cost of such operations. The number of sensitivities proposed by EIOPA is excessively high and could dissuade (re)insurers making and disclosing other sensitivities more fit for purpose in view of their own risk profile. In addition, problems may be caused with some of the more complex sensitivities if these lead to different interpretations across the industry. In case a standard list of sensitivities is required, additional work needs to be done regarding the detailed specification/definition/assumptions of the scenarios especially regarding the non-economic scenarios as expert judgement is required in analysing the impacts of these scenarios making it difficult to compare the results produced by different companies.. In this regard, the industry would encourage EIOPA to examine existing practices with regards to sensitivity disclosures, and consider taking a principles-based approach. This would allow companies to report those sensitivities that are relevant to their business model, and apply a sensitivity factor that conforms with market practice. Some sensitivities (such as the real estate shocks) are too severe, and we consider that there are too many of them. For example, industry would question whether both up and down equity shocks of such a magnitude are necessary. Furthermore, in case EIOPA would decide to introduce standardised sensitivities, the industry notes: (i) The number of standardised sensitivities included should be reduced, made less severe and more consistent (eg sensitivities should have the same return period) in particular the non-economic sensitives are of no added value. Further, to reduce the burden of going through the full calculation process for each and every sensitivity appropriate estimation should be allowed explicitly. (ii) It is unclear how the sensitivities should be reported for non-euro countries. The measures are presented in relation to changes in euros, but all other information is presented either on reporting or original currency. Against this background, the industry believes the currency should be the same, preferably the reporting or original currency. The industry also opposes the disclosure of **changes in own funds**. It would appear that EIOPA is proposing a re-worked version of S.29.01 (intended for deletion from the main QRT package). However, without seeing the details, it is difficult for stakeholder to comment properly. Many firms do provide an explanation or bridge between previous year and current year own funds; EIOPA could provide additional guidelines here, rather than a new template. Further, if the disclosure of changes in own funds is implemented, insurers would need to continue to collect all the information currently reported in the variation analysis templates, which would negate any benefit of the proposed simplifications to the reporting templates. The proposals state that the amounts should be expressed in Euro. Insurers disagree – the same reporting currency used in the QRTs and SFCR should be used instead. In the variation analysis as presented by EIOPA, it is unclear whether the analysis of change relates to Available own Funds or Eligible

	Own Funds. If the latter, EIOPA should also limit the impact of the tiering limits and any relegation of tier as relevant information to be disclosed. In addition, EIOPA suggests a trigger of 20%, the industry believes this should be accompanied by a materiality consideration. Should EIOPA decide to introduce the disclosure of changes in own funds, further additional work needs to be done regarding the appropriate format. In this regard, the industry believes EIOPA should be taking a principles-based approach, allowing companies to report in line with their business practice. Further, the industry notes that it is important to take into consideration that S.29 QRTs are not reported by group entities and specific information might not be available on this level.
P12 EIOPA's Question	*"Still open if it should be a template or a table in the correct part of the SFCR, e.g. in the new section on Risk profile and capital management.* *EIOPA welcomes views on how (template/table) should be included. The inclusion as a template facilitates the readability and comparability and would allow the inclusion in the supervisory reporting package. However, the type of information requested should necessarily be accompanied by narrative information and as such its inclusion in the body of the SFCR, within the new section D. Risk profile and Capital Management could be more adequate."* The part for the professional public should only consist of QRTs, additional qualitative information should not be required (although it could be included at an insurer's discretion, analogous to the reporting of the banks).
P 13-14 Advice (blue box) – Availability of the SFCR	EIOPA proposes a requirement for the SFCR to be machine-readable but it does not provide any details yet. This can only be required if there is a global or in any case European standardised tool/format/language to execute this. This requirement should not affect the readability of the SFCR. It should be allowed to prepare the professional section of the SFCR in a language commonly used by the relevant stakeholders. It should be ensured that the responsibility for guaranteeing data authenticity and data security lies with the developer of the format and not with the companies using it.
Para 34 p15	For some EEA countries, EIOPA's view on the current status is wrong. In those countries there is no requirement for regulatory reports, including the SFCR, to be audited, or for that matter to be subject to other forms of more limited review. Thus, there is no audit opinion issued in relation to any part of the SFCR. The proposed new audit requirements would lead to a significant increase in audit effort for those countries that do not have these requirements today. There would need to be extensive legal changes, including providing legal hooks in the Directive. In terms of adjusting to new requirements of audit where such requirements have not existed previously, we think that two extra weeks is not enough. The further time needed for the audit will come at the expense of shortening the period of time used in preparing the SFCR, impacting on the quality of the report.
Para 35	EIOPA should differentiate between solo and group SFCR, in particular because some risks and related assessments are relevant at Group level only. For example, in The Netherlands, there is no audit requirement for groups, while there is an audit requirement for several solo QRTs.

P 20-21 Advice (blue box)	The industry considers the audit requirement would represent a substantial additional cost for undertakings, disproportionate to the very limited number of readers of this report, and it is believed that the added value will be minimal. In addition, it should be noted that the possibility to have an external audit was previously discussed and rejected when Solvency II was being developed. No new circumstances are presented in the consultation that materially change earlier considerations in this regard. The industry highlights external audit would only marginally improve the quality of the reports, it would unnecessarily complicate the internal reporting process and it would come at a considerable cost – this would have a disproportionate impact on smaller companies. These should take into account the correlation with other risk reports (i.e. ORSA Report), as well as the processes followed and timing for data closing. The industry notes that the review of the report is the responsibility of the supervisor (duty of NSA when conducting SRP). Many of the figures used in the SFCR have already been audited externally, e.g. balance sheet information is largely derived from the annual report that is already subject to audit requirements. For a firm with a Solvency II internal model, audit of the Risk Margin should be excluded from scope. In addition, qualified auditors (eg given the limited number of actuaries in some countries) can be scarce in the specific period, again leading to unnecessary costs. Extending the deadline with four additional weeks would be the absolute minimum in case of an external audit requirement, as there will be a peak in the demand for qualified external auditors. The deadlines should take into account the correlation with other risk reports (i.e. ORSA Report), as well as the processes followed and timing for data closing. Further, industry would appreciate further insights as to how EIOPA has determined two weeks to be sufficient. ■ Further comments:The Risk Margin should not be audited if the SCR is calculated using an internal model. If the SCR components embedded in the Risk Margin need to be audited, the costs would increase unreasonably. ■ EIOPA should also differentiate their proposals for groups. Groups are not explicitly addressed. ■ The submission of qualitative and quantitative information is currently governed by the three lines of defence, which includes the internal audit function. The industry would ask EIOPA to provide insights as to how the external audit requirement would relate to all the work already done. The industry would ask EIOPA to set out how the external and internal auditor should engage and duplication of work is avoided. ■ Further the industry would like to enquire whether EIOPA has considered the availability of sufficient expert auditors, and whether smaller auditing firms are able to perform the auditing requirements as set out by EIOPA. If this would not be the case, this risks leading to more audit firms abandoning their 'insurance auditing activities' and this would result in less competition on the auditing market. ■ In one Member State, only 30 auditors are licensed to audit Financial firms, adding a solvency-licences as well will make it difficult to find an independent auditor. ■ In the consultation paper, EIOPA does not address the level of "assurance" that the auditor must provide. It should be noted that a declaration task will not have the same level of assurance as an endorsement task. An endorsement will require a relatively detailed revision of the solvency 2 balance sheet, which can be time consuming. The proposed 2-week extension

	period for the delivery of the SFCR is not sufficient to carry out a full audit.
P20 EIOPA's Question	*"EIOPA invites all stakeholders that already audit the Solvency II Balance-sheet to provide EIOPA with information on the costs, preferably as a percentage of the written premiums, using amounts referring to end of 2018. If more than the Solvency II Balance-sheet is audited additional information on the costs of audit is welcomed. Information regarding specific types of undertakings such as captives or run-off undertakings for example is also welcomed. If no adequate information is received during the consultation, EIOPA will perform a data request to ensure that appropriate information also by size of undertakings is received as an input for the Impact Assessment."* EIOPA asks for information on the administrative burden (costs) in case the information would be audited. In practice, it is very difficult to generate these numbers as the exact details of the requirements are not known. The extent and depth of auditing the numbers would determine the costs. For example, if the Risk Margin is to be audited, the SCR components embedded in the Risk Margin could be part of the audit or not. If they would need to be audited, the costs would increase significantly. The industry highlights that when is a data request, this would still require more detailed information regarding the requirements in order to be able to provide this information. EIOPA should demonstrate the additional benefits received from the audit requirements compared to the additional audit costs and internally needed resources required to deal with the auditing, including the governance.
Para 44 p21	Para 44: EIOPA should also consider the existence of (partial) internal models when considering the third option for auditing.
Impact assessment P21 Option 1.1 No change	P21 Option 1.1 No change, in the costs for policyholders- EIOPA notes that the lack of audit may undermine policyholder protection. The industry believes this is exaggerated. Companies are also supervised by the supervisor, and there is quarterly reporting and RSR. The extensive set of reviews listed in the subparagraphs of the Directive's Article 36 (about the supervisory review process), which all serve to enhance the quality of the regulatory reporting including the SFCR report. Therefore, there are sufficient checks to ensure policyholder protection. Option 1.1: EIOPA notes there is a causal relationship with policyholder protection, the industry does not see this link. EIOPA implies with this remark that the three-line of defence system does not work, and the supervisor did also not spot the omissions. The industry would question why the lack of audit requirements would lead to higher costs for supervisors when compared to the current situation. This statement would suggest that auditors would take over some of the tasks of the supervisors?
Impact assessment P22 Option 1.2	P22 option 1.2 minimum requirement to have audit for Balance Sheet Supervisor - minimum requirement only on Balance Sheet may lead to incorrect info on SCR/MCR/EOF. The industry would like to know whether there is evidence of this, that can be shared. For the costs of the insurers, EIOPA should clearly differentiate between groups and solo, which is currently not the case. EIOPA mentions for example the audit requirement in The Netherlands, but these only apply to solo entities and not to groups. Further, the

	type of audit will have a major impact on the costs, what kind of assurance is to be received from the auditors (negative assurance, statement, opinion, etc.). Beside the direct auditing costs there are also other costs to consider, indeed, also the internal costs dealing with the auditors will have to be included (such as the governance process in dealing with the auditors). Further the industry does not understand "Based on the experience gained in these years the audit requirement only on the Solvency II balance sheet might lead to incorrect information in the SCR, MCR, EOF which will lead to additional supervisory costs in checking and following up of the incorrect information which might occur in the non-audited parts". As there is a requirement for consistency in information provided between the RSR and SFCR. In addition, it is questioned how policyholders would benefit from increased policyholder protection, as the disclosure does not provide more capital. Para 45 - Option 1.3: The analysis really depends on the granularity of the audit requirements. If all the sub risks and QRTs are to be audited the costs will surely increase across Europe, even for those Member States already having audit requirements in place. The benefit mentioned for the industry is confusing, as insurers already have in place a good and adequate governance system. This would even undermine the current in force three lines of defence. Basically, EIOPA seems to assume that the current quality control is inadequate. Para 46 – The benefits are expected to outweigh the costs. – The industry would like to know whether there is evidence of this, that can be shared. Para 55 – efficiency is considered regarding the resources that are used to achieve objectives. However – cost vs improvement in quality of information disclosed is expected to be beneficial. Is there more evidence available for this?
P 26 Advice (blue box)	The industry welcomes EIOPA's advice to keep the actuarial function report internal.
P 28 Advice (blue box)	The proposal on p 28 regarding the choice of language is unclear in respect of companies with cross border activities. Industry would ask EIOPA to clarify how the requests from NSAs would work, would there be any thresholds? Insurers recognise that different stakeholders have different needs with regard to language. The information for professional users should be in a language commonly used in financial markets. For the policyholder section, the language of the member State where the insurance company is operating (via FoS/FoE) should be used.
P. 29 (blue box)	The industry agrees to maintain the current QRTs as proposed by EIOPA.
p. 34-35 Blue Box	EIOPA proposes to include in the policyholder section of the SFCR "*Any significant business or other events that have occurred over the reporting period that have had or may yet have a material impact on the undertaking risk profile, such as run-off or important mergers and acquisitions*". Insurers highlight that the policyholder may not understand such information or would find it hard to evaluate this information. It would be better to refer to the annual report for this type of information. EIOPA proposes to include in the policy holder section of the SFCR "*Quantitative information on the insurance and reinsurance*

	undertaking's underwriting performance at an aggregate level for material line of business where it carries out business over the reporting period and investment performance, including at least main items such as premiums, claims, investment return and profit and loss". Insurers note that the policyholder may not understand such information or would find it hard to evaluate this information. It is better to refer to the annual report for this type of information. EIOPA proposes to include in the policy holder section of the SFCR "*A description of the outsourcing policy of the insurance or reinsurance undertaking in cases of outsourcing of any critical or important operational functions or activities directly affecting policyholders such as claims management or others (but excluding sales/distribution). The descriptions must include information on the jurisdiction in which the service providers of such functions or activities are located*." Insurers note that the inclusion of this (necessarily technical legal) information would make the report harder to read. It is better to refer to link to the website of the insurer (or group) where this information is available. EIOPA proposes to include in the policy holder section of the SFCR "*A description of the material risks the undertaking is exposed to including any material changes over the reporting period, as well as a description of the applied risk mitigation techniques*." Insurers note that a description of the 5 largest material risks is a good idea, but a description of the applied risk mitigation techniques would be going too far, as policyholders may assume that their insurer carries out sufficient and effective risk management techniques.
P 37 Advice (blue box)	EIOPA mentions on p. 37 that it will discuss with its Members "the best way to promote a national/European repository". In the current consultation paper, industry notes that options have only been briefly mentioned. Before EIOPA pursues any of these ideas further, EIOPA's proposal should be further elaborated upon and subject to proper consultation with stakeholders, perhaps as part of the second wave of the consultation. While most of the ideas proposed could make sense, the benefits gained should be considered against costs (both at implementation and those cost for ongoing compliance). In particular, the ideas to make the SFCR reports data, in whole or for certain sections (such as the PD QRTs), easier to gather and compare via an automated process, should be subject to further scrutiny. If the proposals require earlier submissions, this may come at the expense of shortening the period of time used in preparing the SFCR, which in turn will impact on the (data) quality of the written report.
P40 Art 293 (3) business and performance	The industry believes that no further information is necessary that would result in generic information.

Comments to Financial Stability Reporting

General	The insurance industry welcomes the removal of certain elements of the annual financial stability reporting. At the same time, the status quo of the timelines is a missed opportunity to relieve the burden for reporting for undertakings. Because financial stability reporting is more or less a duplication of the data requirements under Solvency II but has to be prepared within a much shorter timeframe. A selection of annual QRT templates (including S.02.01 and S.23.02) will move to semi-annual for Financial Stability reporting purposes. This is unnecessary and will create an inconsistency with the EIOPA reporting requirements. The production of a quarterly statutory accounts column for firms that don't complete quarterly IFRS and GAAP reporting will require additional system build and process time. It is unclear what added value this increased frequency will bring – it should be maintained as an annual requirement. The standard argument of EIOPA for short Financial Stability deadlines has always been the reduced reporting scope. With the proposed changes (S.23.02, S.05.01, S.39.01, S.02.01) this argument can no longer hold and as such the reporting deadlines should be extended if additional data is requested by EIOPA.
Para 9	Is the financial stability dashboard widely used, and is it the only reason for the tight deadlines for the financial stability templates?
P 3 Advice (blue box)	The abolition of the two QRTs S.14 Life obligations analysis and S.40 Profit or loss sharing is welcomed. However, EIOPA's view that the increased expenses resulting from additional reporting requirements (for the QRTs p.23.02., p.39, p.38.1.10, p.02.01) can only be offset to a limited extent by the savings resulting from the elimination of the QRTs p.14 and p.40. Depending on the organization within a company, the responsibilities for individual QRTs can be separated, resulting in additional debits and credits in different organizational units. This can lead to capacity bottlenecks at individual points in the enterprise. Industry would therefore welcome an alignment of the deadlines for financial stability reporting with the regular quarterly reporting for groups. In particular, the semi-annual extension of the S02.01. Balance sheet to include statutory account comparatives entails considerable additional time expenditure. The change in S.38.01 from an annual to a quarterly requirement creates an additional overhead, which exceeds the benefit from the removal of annual FSTs. Typically, the duration numbers for S.38.01 are derived from the annual S.13.01 (solo) QRT. This change would mean that firms would have to produce S.13.01 quarterly on a Group basis.
p3 EIOPA's Question	Members are invited to respond to EIOPA's question whether requesting effective duration of assets and liabilities in addition to modified duration is feasible. To report the modified duration instead of the Macaulay duration is possible without additional effort. The additional disclosure of the effective duration is to be rejected from a cost-benefit point of view. Changing globally to effective duration will cause major coordination and methodology changes beginning with data collection from brokers, through all reporting systems and methodology policies across the full group scope without any added value. We do not consider this feasible.
P4 Analysis of impacts	Industry does not consider that EIOPA has carried out an adequate exploration of Option 2.2 (simplification of the FS reporting package),

	and in particular the possible exemption of solo entities from reporting FSTs. As industry has consistently maintained, there is no value to this, as all the information is contained in the quarterly prudential reporting that is submitted earlier. In the Costs section, EIOPA refers to "less complete financial stability oversight" and "limitations in the information available", but does not articulate why this is so, given the information would still be available within the same timeframe.