

Response to EIOPA consultation on amendments to supervisory reporting and public disclosure documents

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1. General comments

- While the European Insurance and Occupational Pensions Authority's (EIOPA) proposals take into consideration a few of the many concerns raised by the industry, **it has disregarded industry feedback on many points.**
- **Timing & process**
 - **The implementation period is too short given the high number of proposed changes.**
EIOPA intends to implement changes to the quarterly reporting templates (QRT) in a very short timeframe.
 - Indeed, **the Q4 2022 reporting deadline is already in February 2023.** Therefore, to be able to report in a timely fashion for Q4 and full year 2022, the QRTs should be implemented before December 2022, as companies start their reporting process before the reporting date due to the tight deadlines and the fact that it is not possible to change/implement QRTs during the 'business as usual period' of the reporting. This means that companies will only have time starting from the EC approval of the proposals: ie from January/February until November, **and nine months would be largely insufficient to implement this extensive package.**
 - It is noted that the new implementing technical standards (ITS) will only be available at the beginning of next year, while companies must report on that same year. This means that companies should set-up internal processes to gather newly requested information from 1 January 2022. However, since the QRTs, Data Point Model (DPM) and Taxonomy will not be ready in time, companies will have to start a time-consuming retro-active data gathering exercise.
 - It is **unclear why EIOPA is rushing these extensive changes.** If these changes will be pushed through, it will be expensive to implement them: due to the need to test and validate the required changes to IT systems, and ultimately, these costs will be passed on to the customer. **Such a rushed approach will also lead to data quality issues and empty fields.**
 - For most insurers, **2022 IT budget/planning/resources/systems decisions have already been taken.** As the final QRT package is not known, it is difficult for companies to already take these unknown changes into account in their IT budget/planning.
 - In many cases **the resources needed for the implementation of the reporting package will already be working on other major regulatory changes,** including the implementation of International Financial Reporting Standard (IFRS) 17 – insurance contracts and IFRS 9 – financial instruments, as well as sustainability requirements. Insurance companies will therefore have already made a detailed planning for their IT architecture and allocated resources, mostly being allocated to IFRS. Furthermore, there are simply not enough highly skilled people available: it is estimated that for an average sized company, over 100 people will be needed to implement the changes to the QRTs over a period of at least 18 months.
 - **EIOPA should avoid making any changes to its QRTs and reporting requirements before a proper strategic consideration has taken place of Level 1 and Level 2 issues related to the Solvency II 2020 review (including full scrutiny by the EU institutions).** This would avoid the need to change the QRTs (and IT-systems) twice in a period of three years, which is both costly and burdensome. In this regard, **EIOPA should respect the hierarchy of EU-regulation,** and all changes should therefore be made as part of the Solvency II 2020 review.
 - **If EIOPA persists with its proposals, the implementation date must be delayed by at least one year compared to what EIOPA is proposing,** given the very large number of — often material — proposals. **For new templates an even longer time frame should be considered** in order to have a realistic timeframe for undertakings to report all the new information. In addition, if implemented according to plan, the new validation coming with the new taxonomy should be not blocking in the first year of submission (currently planned for 2023).

- **The proposed changes are disproportionate and would lead to an excessive cost and burden for undertakings. EIOPA should limit any changes to the reporting package to those that are necessary to fulfil its supervisory duties.**
 - EIOPA argues that the majority of the undertakings would benefit from a reduction in reporting costs for several reasons (including simplification of quarterly reporting, elimination of reporting templates and the risk-based thresholds). Overall, however, **the many changes proposed by EIOPA would lead to a complication rather than a simplification**, (as indicated in previous industry responses). As the volume of information to be reported and the effort needed to generate the requested data would increase significantly, together with implementation costs, contrary to EIOPA's statement, **the changes will not reduce the reporting burden for most undertakings and will actually increase costs for reporting**. This would negatively impact policyholders, for example, through higher premiums.
 - While the **thresholds** introduced in a number of templates are helpful to some extent (eg **S.04.05**), the industry is **disappointed that only a few thresholds were introduced/lowered and only to a limited extent**. In fact, in practice, the thresholds may not result in a real reduction of the burden for (smaller) insurers, because if the insurer would breach the threshold in one period, this would result in a requirement to submit the data. This also implies that the insurer should have at all times a process in place to collect and submit the requested data.
Therefore, the threshold should be valid for a longer period, or a single breach should not directly lead to a requirement to submit.
In addition, changing the thresholds in current templates does not necessarily imply a reduction of the reporting burden, since the IT and data systems for reporting this information have already been developed. Furthermore, the industry notes that, in its proposals, EIOPA no longer refers to the concept of core/non-core templates, which was introduced in the reporting consultation in 2019.
 - While the industry **welcomes the clear reference to the proportionality principle** and the introduction of proportionality provisions for captives and specific 'business models', **the remainder of the reporting package is not proportionate at all and the specific proportionality measures and their respective impact are unclear**. Further, the link to the planned **proportionality framework** (ie the treatment of low-risk undertakings) seems to be missing. There are also still too many reporting requirements for smaller, non-complex insurance companies. There is also a disproportionate increase in the overall reporting burden given all the new templates and the added requirements, including those proposed for undertakings with internal models, which by nature cannot reflect the diversity of internal model structures.
 - Introducing new templates, restructuring templates, or making extensive changes to templates by, for example, adding numerous additional cells, takes a lot of time to change and/or develop and implement, with high costs as a consequence. In general, companies find the proposed changes, including both material and minor changes, very extensive. Taken together, these constitute a considerable amount of work for companies. As processes are automated, any change made is very costly. Indeed, the simple change of a row and/or column requires IT intervention. The complexity of these projects requires close collaboration between IT professionals, actuaries, and prudential law specialists. In addition, validation checks must be carried out.
 - While **the deletion of non-necessary/not used QRTs** is welcome, the industry expected to see further templates being removed in order to achieve an impactful simplification, as the majority of the templates were not reported by many undertakings.
EIOPA, in an attempt to eliminate/reduce ad hoc requests, has tried to anticipate every single possible ad hoc request that can be made by supervisors, resulting in more and more reporting requirements. Ad hoc requests can never be eliminated, and there will always be some situations that cannot be foreseen. Attempts to try and cover every single eventuality, even if little/rarely used, therefore lead to lots of work but very little benefit. A better, more realistic balance must be struck. It should also be noted that flexible ad hoc requests can be a very useful supervisory tool. For example, the National Bank of Belgium implemented an ad hoc reporting at the start of the COVID-19 crisis.¹

¹ Circulaire NBB_2020_008, 31 maart 2020 Rapportering m.b.t. de gevolgen van de COVID-19 pandemie voor de verzekeringssector

- **The untransparent structure of the consultation and the lack of a comprehensive overview of the changes** makes it difficult, if not, impossible for the industry to assess the significance of the changes and as such **makes it unnecessarily difficult to provide meaningful and timely comments.**
 - While a large part of the proposals can be found in the document that was released together with EIOPA's opinion on the 2020 review in December 2020, only a high-level, incomplete overview of new proposals can be found in the cover note and cover note annex, and the proposed thresholds are in the impact analysis. Against this background, **it is necessary to have a comprehensive overview of the changes and a background explanation for the reasons for them**, in particular for the ones that were not included in the opinion issued in December 2020. EIOPA is using the opportunity to capture changes introduced through previous taxonomy versions where the ITS were not updated. Without a background explanation, it can be confusing to understand why certain changes are shown in Annex II and not highlighted in the annotated template: for example, the inclusion of a new row '**CO010/R0260 - Direct URL to download the SFCR**' in template **S.01.02.**
 - Further concerns include: firstly, for a complete review **the validation file should be published as part of the consultation package**, since the definitions in Annex II do not always provide the information on the relationship between different data elements, especially newly introduced ones. Secondly, given that the Logfiles were only available in pdf, companies were forced to cross reference with the annotated templates to check whether definitions were changed. And finally, the **new taxonomy and DPM must be available for the IT process**, which EIOPA has not released.

- **Additional concerns**
 - Throughout the QRTs, EIOPA keeps referring to "earned and written premiums" as one of the requested key figures. However, with the introduction of IFRS 17, this key figure will no longer be available for companies adhering to the new standard and this will cause additional burden to keep old accounting standards in place in order to match supervisory needs while also reporting under the new ones. The P&L and balance sheets in scope of external audits will be only available under the new regime. **The industry is still waiting for EIOPA to provide an interpretation on bridging the Solvency II earned and written premiums and the actuals from IFRS 17.** Against this background, the industry **suggests introducing the possibility to align the "earned and written premiums" required in S.05.01 with the "insurance revenues" of IFRS-17**, to avoid creating an additional burden by keeping old accounting standards in place.

- **EIOPA proposes very extensive changes and new templates, and the industry sets out its detailed views and proposals for each template in this paper.**
 - EIOPA proposes new templates for:
 - Cyber risk (**S.14.03**)
 - Extensive new reporting requirements for internal model companies (10 new templates **S.26.08-16, S.25.05**)
 - LAC DT reporting (three templates)
 - Sustainability reporting (**S.06.04**)
 - Non-life business - policy and customer information (**S.14.02**)
 - Liquidity reporting templates for financial stability reporting purposes (**S.14.04/05**) and changed duration measures of technical provisions (**S.38.01**) and a changed balance sheet template for groups (**S.02.01**) and new cells in **S.39.01**
 - Variation analysis (**S.29.05**)
 - Intra Group transaction (IGT) summary template (**S.36.00**)
 - IGT P&L (**S.36.05**)
 - Risk concentration templates (**S.37.02, S.37.03**)
 - Major changes/replacements of templates were proposed to the following templates:

- List of assets (**S.06.02**), a number of columns added.
 - Cross border reporting (replacing two templates: **S.04.01** and **S.05.02** by three new — more burdensome — templates: **S.04.03/S.04.04/S.04.05**, while maintaining **S.12.02** and **S.17.02**)
 - Introducing Expected profits in future premiums (EPIFP) per Line of Business (LoB) for **S.12.01** and **S.17.01**
 - Life obligations analysis (**S.14.01**): many additional requirements
 - Variation analysis: a changed template (**S.29.03**) and a new template (**S.29.05**)
 - Changes for **S.39.01** and **S.36.04**
- Improvements:
- The removal of the template regarding look-through for Collective Investment Undertakings (CIU) (**S.06.04**)
 - The removal of two off balance sheet items templates (**S.03.02/S.03.03**)
 - The removal of **S.06.01** - Summary of assets
 - The removal of **S.08.02**
 - The removal of **S.40.01** and the yearly financial stability package

2. Comments on cover note

2.1 General comments

- EIOPA's impact assessment document shows an increase in costs and burdens both for national supervisory authorities (NSAs) (see p6) and other stakeholders.

2.2 S.06.04 Decision not to go ahead with new template on look-through for CIU

- The industry welcomes EIOPA's proposal to no longer request this template and to keep the look-through template **S.06.03** unchanged. The industry shares EIOPA's view that the requested information is already available within the financial sector supervisory framework, so that EIOPA will only have to engage with the relevant authorities to ensure that both NCAs and EIOPA have access to that information in the future.
- At the same time, the industry notes that the template could be requested on an ad-hoc basis by NSAs at all times, by using the originally envisaged template **S.06.04**, and that this should be only asked in clearly defined, absolutely necessary cases.

As EIOPA rightly states, the introduction of a regular template for only a temporary time horizon is not reasonable and too costly, due to the considerable implementation costs. This would definitely be the case for an ad hoc query. Therefore, it is important to take the proportionality principle into consideration in these cases. This should be reflected, for example, in the selection of the undertakings in scope and the level of detail of the data requested. The level of details envisaged in the draft of **S.06.04** for detailed funds-look through appears in any case too high to be met with reasonable effort.

- Recommendation:** NSAs should only ask for ad hoc reporting of this template in clearly defined, absolutely necessary cases.

2.3 S.06.04 New template for sustainable investments and climate change-related risks to investments

- The industry acknowledges the need for specific climate-related reporting, in particular in relation to transition risk and physical risk. However, the reporting should not anticipate requirements which are already foreseen under the Taxonomy Regulation. Similarly, it should avoid duplication of information as much as possible, so that the burden of reporting is limited. Equally important, the industry urges EIOPA to consider the data availability for the proposals.
- With respect to **taxonomy-aligned investments**, the proposed indicator is inadequate. Firstly, it goes significantly beyond the scope and application timing of the delegated act (DA) on Article 8 of

the Taxonomy Regulation as regulated by the Non-Financial Reporting Directive (NFRD). Secondly, it represents a simple duplication at group-level, unjustified by any prudential and consumer objectives. Thirdly, it does not appear relevant in terms of Solvency II objectives, as the Taxonomy is not a prudential tool.

- Recommendation on taxonomy-aligned investments:** Insurers should only have to carry out sustainability reporting in **one reporting format** and with the **same scope and timing**. The Corporate Sustainability Reporting Directive (CSRD) is the preferred format and has the right scope and timing of reporting entities. EIOPA should not extend the scope of the DA on Article 8 of the Taxonomy for all Solvency II companies, even if thresholds would be applicable. In addition, EIOPA should consider the timing aspect in the context of other sustainability initiatives and wait for the reporting under Article 8 of the Taxonomy instead of forcing insurers to report taxonomy-alignment indicators before 2024, as envisaged in the CSRD.
- With respect to **the new indicators on physical and transition risks**, a more in-depth and extensive assessment should be carried out to consider the following issues. Firstly, indicators for climate risk indicators should be consistent with ongoing policy work: eg principal adverse indicators under the Sustainable Finance Disclosure Regulation (SFDR) and potential sustainability-risk indicators under the CSRD. Secondly, the two indicators are new, meaning that it is unlikely that undertakings would compute **comparable figures based on a consistent understanding and classification of risk and methodology** for risk assessment, especially due to poor guidance and unclear requirements. Thirdly, the supervisory usefulness of these indicators is not clear as the indicators would not enable supervisors to truly identify economic activities exposed to physical/transition risks.
 - Recommendation on indicators on physical and transition risks:** It is important that consistency of sustainability-related developments is achieved. EIOPA could determine the risk exposures of activities based on **top-down methodologies** (as opposed to leaving this to insurers' individual methods). The information received from climate scenario analysis (following the recent proposals in the Solvency II review) would also provide important information for EIOPA to assess aggregate climate risk in the sector.
- For specific comments on this template and to reply to the three questions put forward by EIOPA, please refer to the paragraph with specific comments on this template.*

2.4 S.14.02 Non-life business - policy and customer information

- The template requests several datapoints for products split across 27 categories: this is inappropriate and will be burdensome and costly to implement, due to the need to make another product classification, in addition to the LOBs and the internal classifications that are currently being used. In addition, the template cannot be completed based on accounting data. This means that it will be more labour intensive, and as such very expensive to implement, support and maintain. The industry finds it difficult to see the purpose of **S.14.02**, as insurers already report a lot of information at the LoB level, and the level of detail in the new template implies automation would hardly be possible.
- The template requires information similar, but not identical to the new requirements under Article 8 of the Taxonomy Regulation to be disclosed via the NFRD, again with different timing and scope, causing unnecessary burden. **Given the similarities of indicators, the framework for the CSRD should be the preferred way to report this type of information.**
- Indeed, the proposed QRT **S.14** on non-life will require a lot of work for almost no proven benefit for supervisors, policyholders, and the undertakings etc.
 - Recommendation:** EIOPA should not to go ahead with this template. However, if EIOPA decides to ask for information on non-life, a possible alternative could be an extension of existing templates to cover information for the largest total number of single risks by sum insured.

2.5 S.14.03 cyber risk

- While the industry acknowledges that information on underwritten cyber risks should be reported, the proposed template on cyber risk is overly detailed and will prove very burdensome for undertakings, while offering little obvious benefit for supervisors seeking to understand cyber insurance market trends.
 - **Recommendation:** A threshold must be applied to the template so that undertakings with limited cyber portfolios are not faced with disproportionately burdensome reporting requirements, which would be likely to disincentivise offers of cover for cyber risk. Furthermore the level of detail of the template must also be reduced.

2.6 S.22.01 Impact of long term guarantees and transitionals measures

- **While the industry supports the inclusion of the solvency capital ratio (SCR) and minimum capital ratio (MCR) ratios in the S.22.01 template, this template should not be public.**
- In addition, the industry strongly disagrees with EIOPA's proposals to add further reporting requirements (eg impact of volatility adjustment set to zero on SCR ratio, impact of transitional on interest rate on SCR ratio) to the public version of this template (**S.22.01.21**). The volatility adjustment (VA) and matching adjustment (MA), are two key elements of the Solvency II Directive. Requiring companies to disclose the impact without MA or VA is confusing for policyholders and may give the impression that long-term guarantees 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.
- Furthermore, the proposed calculation of the impact for the ratios could be interpreted wrongly, as the 'impact of transitionals on eligible own funds' divided by the 'impact of transitionals on SCR or MCR' will not show the effect the transitionals have on the solvency ratio.

2.7 S.29s Variation analysis

- EIOPA's proposal on the QRT on variation analysis **S.29** is unreasonable. During the consultation in 2019, EIOPA proposed to delete QRTs **S.29.01-02** and replace QRTs **S.29.03-04** with new QRTs **S.29.05-06**. EIOPA now proposes to keep current QRTs on demand of the supervisors. On top, EIOPA proposes to add an additional QRT for non-life.
- EIOPA also notes that "the sector was generally supportive of the QRT for non-life" (this is the new template **S.29.05** but was previously consulted as **S.29.06**). However, the sector made those remarks under the impression that the other QRTs would be deleted and replaced.
- The added value from these QRTs is not clear, and these QRTs were not used for discussions or other purposes by the supervisor. In addition, new and changed QRTs produce significant effort. The cost-benefit analysis is, therefore, conceivably unfavourable.
 - **Recommendation S.29.01-S.29.04** should remain unchanged.

2.8 EPIFP

- While EIOPA presented the removal of the transitional information as a simplification to both **S.12.01** and **S.17.01**, it is adding more reporting requirements regarding EPIFP. EIOPA noted that it 'considers that to provide meaningful insights, EPIFP information should be available at least at Line of Business level.' It is, however, unclear what these meaningful insights would be.
 - **Recommendation: If EIOPA proceeds with requiring this information, a threshold should be introduced: eg 10% of own funds.** In addition, EIOPA should check whether this reporting requirement is not already covered by the Regular Supervisory Report (RSR) report as specified in DA Article 309(6) which appears to closely mirror the new QRT requirements. EIOPA must clarify why two sets of EPIFP reporting are needed.

2.9 LAC DT/Deferred taxes

- Another set of three templates has been added to the reporting package. The industry was not previously consulted or even informed that such a template was upcoming.

- Recommendation:** These **templates should be gathered and evaluated only on ad-hoc basis by the national supervisor**, not as an increased reporting with these very burdensome new templates for many undertakings.
Should EIOPA decide to introduce these templates, all loss absorbing capacity of deferred taxes (LACDT) templates should be subject to very high thresholds.
- For specific comments on this template and to reply to the question on the thresholds put forward by EIOPA, please refer to the paragraph with specific comments on these templates.*

2.10 Internal Models

- EIOPA added 10 new templates for internal model companies (**S.25.05, S.26.08-16**).
- These new templates require much more — and to a vast extent unnecessary — information which often does not align with the structure of individual internal models, necessitating estimations likely to lead to meaningless results.** Supervisors already have extensive tools to ensure that internal models continue to generate prudent SCR numbers, and they 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. Therefore, it is unclear which additional insights the new templates shall provide.
- The templates undermine the functioning supervisory dialogue between internal model firms and their NCAs by introducing arbitrary measures that are likely to invite unjustified comparisons. In particular, the industry opposes results from standardised reporting on internal models to be used as a basis for comparison between companies or as a basis for assessing the evolution of internal model capitalisation over time.
 - Recommendation:** For the abovementioned reasons, EIOPA should not proceed with the introduction of these templates.

2.11 Group reporting

- While the industry welcomes the alignment of the intragroup transaction templates (**S.36**) and the risk concentration templates (**S.37**) with the Financial Conglomerate Directive (FICOD) templates, **these changes to the templates should however not affect groups that are mainly insurance groups, and which do not form a financial conglomerate.** Refer to more detailed comments to section 3.70 and 3.71, respectively. For the options put forward by EIOPA regarding information on credit or insurance risk mitigation techniques (**C0260**), please refer to the paragraph with specific comments on this template.

2.12 Financial stability reporting templates

- EIOPA has proposed several changes in this area, in particular the new requested liquidity templates (**S.14.04/05**) seem challenging to complete.
 - Recommendation:** The inclusion of any new detail in the financial stability QRTs is not supported by the industry.
- For the question put forward by EIOPA regarding reporting on the effective duration figures, please refer to the paragraph with specific comments on this template.*

2.13 Comments for templates not mentioned in the cover note

- A number of important changes to QRTs were not mentioned in EIOPA's cover note.
- Cross border templates**, for which a set of three templates (**S.04.03-05**) is proposed in order to replace **S.04.01/S.05.02**.
 - Recommendation:** The industry **suggests keeping the existing templates**, and have no new **S.04.03/04/05**. If EIOPA decides to proceed with these changes, a threshold, for example, of 10% of gross written premium, is needed to avoid burdensome processes for insignificant cross border activities.
- List of assets (S.06.02)**

- Recommendation:** EIOPA should not to proceed with its proposals to expand this template, since it is already very extensive.
- **Life obligations analysis (S.14.01)**
 - Recommendation:** EIOPA should not to go ahead with the changes proposed to this template.

3. Specific comments per template

3.1 S.01.01 - Content of submission

- The industry welcomes clearer instructions and field options as suggested.
- Annex II of the ITS on reporting does not reflect the new deferred tax templates.
- There is inconsistency between the annotated template for the ring fenced fund variant, **SR.01.01**, and the ITS Annex II. In the template, there is still a row **R0850**. This should now be **R0855** as per the changes indicated in Annex II.

3.2 S.01.02 - Basic information

- Proposed changes seem limited and are considered relevant.

3.3 S.02.01 - Balance-sheet

- The industry welcomes clearer instructions as suggested, and the further changes seem to be reasonable.
- In addition, EIOPA's decision to not require ECB add-on fields for group QRTs is welcomed.

3.4 S.02.02 - Assets and liabilities by currency

- While the industry does not disagree with the deletion of the assets part, the resulting impact of adding 'currency' to **S.31.01** (*Share of reinsurers (including Finite Reinsurance and SPV's)*) is very onerous – please refer to comments on template S.31.01.
- The industry welcomes the lowering of the threshold so that the template is not required if one single currency represents more than 80% of liabilities (previously the threshold was at 90%). However, for companies that already have incorporated these templates in their IT-systems, this change will not make much difference.

3.5 S.03.01 - Off-balance sheet items – General

- The industry takes note of the threshold introduced by EIOPA, although it is somewhat complex given that there are several items requested for calculation of the thresholds in the template.
- The industry welcomes the clearer instructions as suggested.

3.6 S.03.02/S.03.03 – Off-balance sheet items – List of unlimited guarantees received by the undertaking and Off-balance sheet items – List of unlimited guarantees provided by the undertaking

- The industry welcomes the removal of these templates.

3.7 New templates replacing “S.04.01 - Activity by country and S.05.02 Premiums, claims and expenses – by country” with the following templates:

- S.04.03** Basic information - list of underwriting entities
- S.04.04** Activity by country - location of underwriting
- S.04.05** Activity by country - location of risk

- The industry **suggests keeping the existing templates**, and having no new **S.04.03/04/05**.
- As stated in the response to the 2019 consultation, the industry disagrees with the replacement of **S.04.01** and **S.05.02**. The **S.04.03/04/05** QRTs are simply an amalgamation of **S.04.01** and **S.05.02**, with added further requirements. Therefore, instead of reporting less, insurers are forced to incur the costs of deleting two QRTs and reporting the same information in three new QRTs, with no additional benefit for policyholders, companies or NSAs. Instead, it just increases the costs of implementation.
- Paragraph 2.62 of EIOPA's report on reporting and disclosure is incorrect: although the concept of "premiums" still exists under IFRS 17, that is not the same as earned and written premium, and neither are expected to be reported (or disclosed). Insisting that written premium should continue to be reported whilst stating that there are no additional costs for companies is therefore not credible.
- If EIOPA decides to proceed with these changes, a threshold, for example 10% of gross written premium, is needed to avoid burdensome processes for insignificant cross border activities.
- For cross-border reporting, EIOPA has introduced the need to provide the number of insured and number of contracts. This new information would be very burdensome to collect. Therefore, if EIOPA proceeds with requesting this information, a threshold should be implemented to allow for proportionality. As indicated in the previous paragraph, the threshold could be based on the written premium, eg 10%, which is also applicable to template **S04.05**.

3.8 S.04.02 - Information on class 10 in Part A of Annex I of Solvency II Directive, excluding carrier's liability

- No change in this template.

3.9 S.05.01 - Premiums, claims and expenses

- The industry takes note of the deletion of the information related to 'changes in other technical provisions'.
 - Paragraph 2.81 of EIOPA's report on reporting and disclosure is incorrect: although the concept of "premiums" still exists under IFRS 17, that is not the same as earned and written premium.
 - The industry highlights that, with the introduction of IFRS17, this key figure will no longer be available for companies adhering to the new standard and will cause additional burden to keep old accounting standards in place in order to match supervisory needs while also reporting under the new ones. The P&L and balance sheets in scope of external audits will be only available under the new regime.
 - **The industry is still waiting for EIOPA to provide an interpretation on bridging the Solvency II earned and written premiums and the actuals from IFRS 17.** Against this background, the industry **suggests introducing the possibility to align the "earned and written premiums" required in the S.05.01 template with the "insurance revenues" of IFRS-17**, to avoid having an additional burden by keeping old accounting standards in place.

3.10 S.05.02 - Premiums, claims and expenses - by country

- Please refer to comments in the paragraph on the new templates **S.04.03/04/05**.
- This template is still requested in an annual basis for groups, which makes it more complicated for groups and the reconciliation between solo undertakings belonging to a group.

3.11 S.06.01 - Summary of assets

- The industry welcomes the removal of this template.

3.12 S.06.02 - List of assets

- Many changes have been suggested to an already extensive template, which will be burdensome and costly to implement. Some of the new information required can hardly be considered to improve the template:
 - Applicability of bail-in rules

- Detailed information on property
 - European Central Bank (ECB) add-on items (write-offs/write-downs and issue date)
 - EIOPA has added a non-mandatory cell for fund number
- Moreover, this is a very good example of how requirements have become more complex over time.
 - Further changes include reporting of: regional government and local authority (RGLA) listed/non-listed, crypto-assets related investments information, Long term equity investments related information.
 - **EIOPA should therefore not proceed with its proposals to expand this template, since it is already very extensive.**
 - In its December report on quantitative reporting templates, published together with the EIOPA opinion on the 2020 review para 2.130, EIOPA proposed that ‘changes in the reporting requirements regarding the list of assets should be balanced with use of complementary external financial information by NCAs’. EIOPA should therefore provide clarification and/or concrete examples as to what this entails.
 - The industry welcomes clearer instructions, as it had suggested.
 - **While the industry takes note of EIOPA’s suggestion not to move forward with the mandatory reporting of the item “fund number”,** EIOPA allows for an NSA optionality in completing this field. This should be avoided in order to maintain comparability. Should NSAs wish to deviate from the default template, this should be done via a national specific template.
 - The industry would like to add the following detailed feedback on specific column definitions:
 - **C0120** (custodian): EIOPA states that, for assets where there is no custodian or when this item is not applicable, report “No custodian”. It is also stated that: Items **C0110, C0120, C0121, C0122, C0130, C0140, C0141, C0160, C0200, C0230, C0270, C0280, C0310, C0370, and C0380** are not applicable to **CIC 09** - Other investments. EIOPA is asked to clarify whether this implies an empty reporting for **CIC-09** field **C0120**, or “No custodian”.
 - **C0140**: Par amount for CIC=09 does not make much sense, since these might be very often assets not having a nominal value, eg commodities, artworks, cryptocurrencies
 - **C0190**: “(unless required by the national supervisory authority).” Some companies are already struggling with requirements from local authorities, which are often inconsistent across the different EU countries. This leads often to a situation where the requirements cannot be implemented in the group-wide asset subledger or reporting system due to technical restrictions/inconsistencies and the reported solo data must be adjusted/enriched for group reporting.
 - **C0200** (issuer name): Since most CIU’s are legally separated from the trustee, EIOPA is asked to clarify whether the issuer name should be the legal name of the fund: eg BlackRock Emerging Markets Local Bond Index Fund B or BlackRock Institutional Trust Company N.A.
 - **C0230**: The enrichment to full NACE code leads to high additional effort without obvious significant benefit for the supervisor.
 - **C0240** (issuer group): The definition of the issuer group has been unclear since the very beginning of Solvency II. The industry appreciates EIOPA’s attempt to clarify the definition, but it seems to be still very unprecise and not practical. The reason that sovereigns are excluded leads to an inconsistency with the calculation of the concentration risk, which leads to a situation where at least two ultimate parents have to be stored in the systems. It is also unclear what should be reported, if there is an ultimate parent indicated in the LEI database, but it is incorrect or not the highest controlling party in the group hierarchy. The (unclear) guidance with “at least as ultimate consolidation entity” makes it unclear whether, in the case of state-owned groups, the ultimate company (which would be again inconsistent with concentration risk) or the sovereign should be reported.
The definition of “government agency” is also unclear. Moreover, it is not clear which NSA is meant: ie would it be the NSA of the issuer or NSA of the insurance undertaking? This leads again to a possible reference to “expectation of the national supervisory authority in this area”, which leaves room for interpretation inconsistencies, which cannot be handled in group wide systems and reporting. The requirement that the bonds issued by the group members should be reported including the ultimate parent, but the bonds issued by the ultimate parent itself without this field being filled requires very complex data models and makes it hardly possible to find out the full exposure towards one group based on the information in **S.06.02**.

Since most CIU's are legally separated from the trustee, EIOPA is asked to clarify whether the issuer group should be the legal name of the fund or the ultimate parent of the trustee.

- **C0290 (CIC):** It is unclear which CIC code must be used in case of crypto assets, because at this stage the guidance will not lead to a level playing field across European insurers. Furthermore, in the case of a bond with a different currency for the nominal and the accrual, EIOPA should clarify whether the currency of the nominal is leading for identifying CIC 18.
- **C0295:** If an insurer would invest in a company building a platform based on blockchain, EIOPA should clarify whether it should complete this field: eg in the case of the company B3i.
- **C0296:** Guidance is lacking on how mixed-use properties should be treated (eg 40% hotel, 45% residential, 15% offices). Furthermore, it is unclear how land plots would have to be treated.
- **C0297:** It is unclear how to classify the assets. EIOPA should therefore clarify from which perspective it should be assessed as to whether a location is prime or not. It matters whether the decision to be prime is based on a local geographical perspective, regional or country perspective.
- **C0298:** EIOPA wants to know whether a property location is prime or not. As the group information is consolidated from other group members, the perspective can change. In fact, EIOPA should state that the perspective and decision whether the property is prime/non-prime should be unchanged.
- **C0301:** The new metric for long-term equity (YES/NO) is positioned in the wrong row. Whether a share is long-term equity is not a characteristic of a share, so this metric should not be in the row "information on assets" but rather in the row "information on positions held". Otherwise, when the metric would be YES, that would imply that all the shares of one company (one ISIN) are held as long-term equity, which is not necessarily the case. Therefore, setting the metric in the row "information on positions held" leaves an insurance company the possibility to add multiple rows of one share, one for long-term equity (YES) and once not (NO) and then add the quantity (**C0130**) and the market value (**C0170**) for each row.

3.13 S.06.03 - Collective investment undertakings - look- through approach

- The industry welcomes the decision not to require **S.06.04** to contain item by item information on the look through for collective investment undertakings or investments packaged as funds.
- The industry welcomes EIOPA's efforts to access ECB statistics on the assets and liabilities of investment funds and EIOPA's decision to wait for the reviews of the Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for Collective Investment in Transferable Securities Directives (UCITS) and the EC's work on the supervisory data strategy. This would offer the possibility to have the information available in the future through another data flow. Attention should be paid to which data requirements resulting from **S.06.03** on mutual funds — ie funds where the insurer usually has no influence on the investment strategy, which involve a lot of effort on side of the insurer — are redundant due to availability by other means.
- **Further detailed comments:**
 - **C0040 (Country of issue):** EIOPA is asked to clarify whether this is a mandatory field for categories 8 and 9, as reported in **C0030**.

3.14 S.06.04 Sustainable investments and climate change-related risks to investments

The industry acknowledges the need for specific climate related reporting, in particular in relation to transition risk and physical risk. However, the reporting should not anticipate requirements which are already foreseen under the Taxonomy Regulation. Similarly, it should avoid duplication of information as much as possible, so that the burden of reporting is limited. Equally important, the industry urges to consider the data availability for the proposals.

- Focusing on the first requirement to report on **taxonomy-aligned investments** as defined in Article 8 of the Taxonomy Regulation, the industry notes that is inconsistent and inadequate for the following reasons:

1. As the new requirement is at solo-level, it goes **significantly beyond the scope of Article 8 of the Taxonomy Regulation as regulated by the NFRD** (and in the future by the CSRD). EIOPA's proposals on Solvency II should not go against the decisions already taken by co-legislators on the scope (ie the CSRD scope is decisive for consistency and proportionality reasons) and the timing of the proposal (as financial undertakings will start disclosing taxonomy alignment of investments only in 2024). EIOPA's proposals introduce additional complexity, without considering insurers' information and time requirements for this reporting. For companies not subject to the NFRD/CSRD, there should be no new requirement for reporting this information.
 2. The proposal will represent **a duplication at group-level, which is not justified under prudential and consumer objectives**. It comes with inconsistencies and additional complexity, while counteracting the file-only-once principle. If reporting this KPI is deemed as being absolutely necessary in the QRT (beyond entity-level taxonomy information from DA on Article 8 and from the SFDR templates), then insurers should be able to comply with this requirement via cross-referencing.
 3. **The new KPI does not appear relevant to the objectives of Solvency II**. The Taxonomy has not been designed as a prudential tool. In fact, the Taxonomy is limited in scope at this stage and expected to significantly change over time. Therefore, additional solo-level information on taxonomy-aligned investments would not bring about any added value. Relevance for Solvency II could be reassessed at a later stage, when the Taxonomy has further evolved and provides a more comprehensive overview on sustainable investments (which is not yet the case).
- **Recommendation on taxonomy-aligned investments:** Insurers should only have to carry out sustainability reporting in **one reporting format** and with the **same scope and timing**. From the industry's point of view, the CSRD is the preferred format and has the right scope of reporting entities. With the ongoing revision of the NFRD, more insurers will have to report on sustainability KPIs. Therefore, EIOPA should refrain from extending the duty to all Solvency II companies, even if thresholds would be applicable. Furthermore, EIOPA should consider the timing aspect in the context of the initiatives of the EC sustainability agenda and wait for the reporting under Article 8 of the Taxonomy, when insurers will have to report the KPI starting from 2024 (insurers in scope of the CSRD should not be forced to report this KPI at an earlier stage).
 - With respect to the new **indicators on physical and transition risks**, the industry notes a more in-depth and extensive assessment should be carried out to consider:
 1. **Consistency of sustainability-related developments.** Indicators for climate risk indicators should be consistent with ongoing policy work. Firstly, current entity level indicators for principal adverse indicators — including risk-related exposures — are under development in the context of the Level 2 SFRD and will be further defined by the EC, as planned in the Renewed Sustainable Finance Strategy. Secondly, further sustainability indicators, likely covering risk considerations, are likely to be developed in the context of the CSRD.
 2. The fact that, as proposed, the two indicators are new. Without further coherent guidance across sectors (and more generally with a view to the overall regulatory framework), it is unlikely that undertakings would compute **comparable figures based on a consistent understanding and classification of risk and methodology** for risk assessment. Even if, for example, transition risks are taken into account in the risk management of the companies in the known risk types, this does not mean that key figures can also be calculated without further effort. In terms of the current proposal, for example, it is also not clear:
 - How the new requirements should account for the way economic variables are evolving, resulting in an economic value. These indicators are influenced by several variables and their evolution does not imply that an insurer will be more or less sustainable. This could lead to wrong information and conclusions.
 - How the information/KPIs for financial conglomerates requested by the different European Supervisory Authorities (ESAs) should be aggregated (eg how would the KPI from an asset manager be aggregated into the group KPIs).

- How insurers should address and reconcile different accounting and prudential perspectives. The European legislation mentioned by EIOPA is based on an accounting perspective, but EIOPA refers to the list of assets based on the economic value and methodology of Solvency II in the requested data fields. These differences could result in the same KPI having different values.
 - Whether the information is to be derived from the **S.02** (balance sheet) or based on the look through balance sheet.
 - How insurers should report the longitude: eg for indirect property and property in investment funds.
3. It is not clear whether these indicators would be truly useful from the supervisory point of view as the indication of a figure in **S.06.04** is not sufficient to enable the supervisory authority to **identify economic activities exposed to physical/transition risks**. Further required guidance on such risks should not be considered in isolation for the purpose of Solvency II reporting only, as those risks are relevant across sectors and more generally with view to the overall regulatory framework.

- **Recommendation on indicators on physical and transition risks:** As EIOPA has already identified relevant economic activities in its previous work on [sensitivity analysis](#) of climate-change related transition risks, it would then still have the possibility to determine the exposures of activities (as opposed to leaving this to insurers' individual methods) based on **top-down methodologies**: eg by building a shared understanding of which economic activities should be considered for these exposures (using NACE codes in **S.06.02**). The information received from climate scenario analysis (following the recent proposals in the Solvency II review) would also provide important information for EIOPA to assess aggregate climate risk in the sector.

■ Requirement 1 - Reporting requirement on sustainable investments

■ Comments

■ Question - Do you consider relevant to introduce a materiality threshold for the reporting requirement for undertakings not subject to the NFRD? If so, which threshold would you propose?

- If the undertaking is not subject for reporting in NFRD/CSRD, it should not be required to report this information on sustainable investments in the QRT.
- The reporting requirements need to be in line with NFRD/CSRD and there should be no increased burden through QRT-reporting. Thus, the undertakings should only report information on sustainable investments if subject to NFRD/CSRD and the thresholds for reporting should be the same. For undertakings in the scope of the NFRD/CSRD which provide Taxonomy reporting at group-level, there should be no (additional) reporting requirements at solo-level.
- NFRD/CSRD contain some conditions and reliefs for smaller undertakings. The same proportionality should apply in Solvency II QRT reporting. It is also of importance that the same definitions of specific data in the frameworks are the same. In addition, principles for aggregation to group level should be harmonized with NFRD/CSRD.

■ Requirement 2 - Reporting requirement on investments exposed to climate change-related transition risk

■ Comments

■ Question - Do you agree that a materiality threshold should apply for reporting the KPI? If so, which threshold would you propose?

- Yes, it is appropriate to implement a materiality threshold for the KPIs. However, it is not clear whether these indicators would be truly useful from the supervisory point of view.

■ Requirement 3 - Reporting requirement on investments exposed to physical risk

■ Comments

- Question - What could be a methodology for standardised reporting of climate change related-related physical risk exposure for other investments than property?
- Question - Do you agree that a materiality threshold should apply for the KPI? If so, which threshold would you propose?
 - Yes, it is appropriate to implement a materiality threshold for the KPIs. However, it is not clear whether these indicators would be truly useful from the supervisory point of view.

3.15 S.07.01 - Structured products

- The industry is disappointed that neither the current threshold nor the template itself has been improved. Template **S.07.01** requires very detailed data for some specific instruments that, in many cases, has to be provided by specialized data providers. While the industry agrees with EIOPA that structured products can entail significant risks, it highlights that it is not necessarily the case. Furthermore, it is questionable whether the detailed data, which has to be reported via S.07.01 gives the NCAs relevant additional insights.
- Therefore, the industry is of the opinion that **a simplification of this template, by deleting the items C120 to C190** — as discussed in the consultation paper — **would be adequate**.

3.16 S.08.01 - Open derivatives

- The deletion of column (delta) is positive.
- The column *notional amount in original currency* seems to be relevant.
- The other columns should not be implemented (*unique transaction identifier, currency of price*) as they do not add any relevant information.
- In addition, instead of using the information available in EMIR reporting, EIOPA is asking companies to report the same level of information (the new fields seem to just replace what is proposed to be deleted) and merely provide a European market infrastructure regulation (EMIR) identifier.
- **C0340 (Counterparty group code)** and **C0270 (Counterparty code)**: Is it correct to say that C0270 must be filled out for all derivatives and C0340 only for OTC derivatives.
- **C0371 (Currency of price)**: For insurers reporting S.08.01 in Euro, suppose a cross-currency swap has been concluded between USD and GBP. EIOPA should clarify what is to be reported in this field for this specific case.
- **C0060**: There should be no NSA optionality in the standard QRT templates.

3.17 S.08.02 - Derivatives transaction

- The industry welcomes the proposal to delete this template.

3.18 S.09.01 - Income/gains and losses in the period

- **C0050**: There should be no NSA optionality in the standard QRT templates.

3.19 S.10.01 - Securities lending and repos

- The industry is disappointed that the threshold for this template was not improved. According to field C070 in template **S.06.02** the indication of the fund number is not mandatory, unless otherwise required by the national supervisory authority. This should also apply to template S.10.01, so field **C050** should be adapted accordingly. The requirements of the templates must be consistent in this respect.
- **C0040**: There should be no NSA optionality in the standard QRT templates.

3.20 S.11.01 - Assets held as collateral

- The industry welcomes the introduction of a threshold for this template.

- However, EIOPA-BoS-21-296 states: '1.8. Template S.11.01 - Assets held as collateral - the current threshold and the impact of the different options have been analysed but decided to keep as of today'. In the current situation there is no threshold. While 2450_ITS_reporting_consolidated_AnnexII_solo_instructions_S.01_to_S.13.pdf states: 'This template should be only reported annually when the ratio of the value of assets held as collateral to total balance sheet exceeds 10%.' It seems that the two instructions do not match. EIOPA is requested to clarify.

3.21 S.12.01 - Life and Health SLT Technical Provisions

- EIOPA decided to make this template more burdensome by adding further reporting requirements on EPIFP without any real further justification. The potential benefit of this additional requirement is not understandable.
- EPIFP is also reported in the QRT **S.23**, and so EIOPA should clarify whether the reporting in **S.12** would be gross of tax. And, as this information is now presented in S.12, should QRT S.23 report the EPIFP net of tax, as it is included in the own funds?

3.22 S.12.02 - Life and Health SLT Technical Provisions - by country

- While the industry welcomes the decision to keep this template unchanged, it refers EIOPA to the its comments on the new templates **S.04.03/04/05**, that note that the overall reporting burden for cross border requirements will increase substantially.
- The clarification of the definition of threshold regarding the negative technical provisions is welcomed.

3.23 S.13.01 - Projection of future gross cash flows

- EIOPA made extensive changes to this template.
- In the log files, EIOPA states "*It should be noted that the projection horizon of future cash-flows should be realistic and it is not limited by contract boundaries. Eg a pure unit-linked product with immediate contract boundaries should not be assumed to immediately lapse. Instead, realistic projections should be reported in case it is valued as best estimate plus risk margin.*". **This change is questionable and problematic, as it seems to go beyond the solvency regulation requirements.**
- While 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, 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.
- EIOPA announced it was investigating a threshold for this template, but **disappointingly no threshold was proposed**. Insurance companies in scope of stress tests have been asked information in similar detail before, but companies not in scope of stress testing have no experience with reporting this type of information, and **proportionality should therefore be introduced**.

3.24 S.14.01 - Life obligations analysis

- Despite strong concerns expressed by the industry in response to the reporting consultation back in 2019, many changes have been suggested in this template, which will be burdensome and costly to implement.
- On top of the extensive changes already announced in 2019, EIOPA suggests adding the following information on:
 - "Expected future commissions" differentiated also for new contracts.
 - A yearly interest rate guarantee for the reporting year.
 - Exit conditions of a product.
 - On the amount on which the interest rate is guaranteed.

- The only justification EIOPA is providing is that this template is extensively used by supervisors.
- **EIOPA should not go ahead with the changes proposed to this template.**

- The industry notes the following with regard to this template:
 - **Premiums written per product** are to be further broken down into additional three 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. **In fact, it is questionable whether the breakdown for premium and commissions in three dimensions is relevant for prudential reasons.** The risk of a product is not affected by its sales channel or whether it is new business, single premium/current premium
 - **Information on commissions paid at product level** and a **required breakdown of commissions into existing and new contracts** are currently not available. **This information could only be obtained with additional effort, and implementation is not feasible at present.** The level of granularity also implies insurers will be forced to set arbitrary assumptions in the allocations of expenses which are recognised at a higher level than the product level. Against this background, **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.
 - **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.
 - In general, the new information cannot be completed based on accounting data – information will be very labour intensive to collect, and as such the changes to this template will be very expensive to implement and to maintain.
 - In the log files, EIOPA states: "*All information shall be reported by product including the table on product portfolio. Reporting by fund number is not mandatory, unless otherwise required by the national supervisory authority.*" The industry notes that any additional requirements set by NSA's should be included in national QRTs and should not be included in the general templates to be used by all insurers across Europe.

3.25 S.14.02 Non-life business - policy and customer information

- The template requests several datapoints for products split across 27 categories, which is deemed inappropriate and will be burdensome and costly to implement. This would introduce a new, third categorisation to Solvency II, on top of the existing two categorisations systems: lines of business and branches. It would be burdensome to make another product classification, in addition to the LoBs, branches and internal classifications that are currently being used. **The industry strongly takes the view that this template should not be introduced for the following reasons:**
 - **The proposed QRT S.14.02 non-life will require a lot of work and cause significant excess costs for almost no added benefit.** There also appears to be significant overlap with aspects of data reported on certain other templates, such as **S.04, S.05, S.20, S.21.01**. The industry finds it difficult to see the purpose of **S.14.02** as it already reports a lot of information at the LoB level, and the level of detail in the new template implies automation would hardly be possible.
 - In fact, **the QRT is not needed for prudential reasons and Solvency II reporting should remain limited to prudential reporting only.** The insurance sector deems it inappropriate to use QRTs for reasons other than prudential reporting, and thus not for conduct of business/protection purposes. The resources preparing the QRTs are not familiar with the information requested.
 - Some member states, such as Belgium, are already reporting information on branches to their NSA. It is noted that the current classes are defined in annex I of the Solvency II Directive and are used for SCR purposes. The new categorisation system however has no legal basis. As such, any new reporting based on different categories will be burdensome to implement. The new QRT will not

replace the existing national non-life statistics in Belgium and it is expected that this will be the case in other member states as well. That is partly due to the fact that the requested information in this QRT is limited to premium, commission, number of contracts and does not contain prudential information such as the technical provisions. Also, in the first ten years or so, the new categorisation system will not be useful as it lacks the required history for proper analysis.

- In addition, this template cannot be completed based on accounting data (in contrast to the national reporting in some member states, such as Belgium) meaning that it will be labour intensive, and as such very expensive to implement, support and maintain this template.

Indeed, the template contains detailed inventories by product category and sales channel supplemented with information on certain costs and the year's claims payments. In practice, this means that all insurance products in the company must be reviewed and categorised, and this has to be continued every year thereafter. The company then needs to do the same for each new product. Furthermore, it must be decided whether the course of the product is affected by climate-related elements. Ultimately, completing and maintaining this template will be a project that requires ongoing maintenance and a close relationship with the product development department. The fact that data comes from many different sources with vastly different levels of detail is adding to the template's complexity.

- **If EIOPA decides to require information on non-life, a possible alternative to be considered could be an extension of existing templates to cover information for the largest total number of single risks by sum insured.**

- In addition, to monitor climate risk, EIOPA has proposed to introduce two new cells:

- Proportion of premiums covering climate-related perils (0-100).
- Allowance for climate-risk prevention measures in product design (Y/N).

- Furthermore, it must be assessed whether the course of the product is affected by climate-related elements. Ultimately, completing and maintaining this template will be a project that requires ongoing maintenance and a close relationship with the product development department. The fact that data comes from many different sources with different levels of detail adds to the template's complexity.

The template requires information similar, but not identical to the new requirements under Article 8 of the Taxonomy Regulation to be disclosed via the NFRD, again with different timing and scope, causing unnecessary burden. **From the industry's point of view and given the similarities of indicators, the scope of the CSRD should be used to report on this type of information and content of the Taxonomy DA on Article 8 to guide the disclosures. This is in line with consistency and proportionality considerations.**

It is also questionable how insurance companies can calculate the proportion and allowance since it is unclear to which extent risks are affected by climate change. Climate change will likely increase the severity and frequency of certain events. As EIOPA rightfully concluded in its methodological paper on potential inclusion of climate change in the Nat Cat standard formula, it is not an easy feat to estimate such an increase, even for highly specialised reinsurance companies and for EIOPA, let alone individual insurance companies.

- Further detailed comments:

- The product categories 15, 24, 25 should not be separated. The industry would ask EIOPA to clarify where "risk class 13, subclass III" is defined.
- **CO032:** EIOPA is requested to clarify what the definition is of a product (within the same product category), what the granularity is and whether two supplementary health care policies from the same brand, but with increasing coverage would be considered as two different products. And whether two basic health care policies with the same coverage, but with different names within the same entity would be considered as two different products.
- **CO110:** EIOPA is asked to clarify the definition of "country where the contract was entered into". For S.04 versions with "the country in which the risk is situated" and "location of underwriting" exist, and EIOPA is asked to clarify whether these are all different or whether they should first be aligned with one of the others.

- EIOPA introduces classes of insurance which are not identified as such in the IT-systems of the insurers. For example, asking details on "gadget insurance", while it can be questioned how significant this type of insurance is in reality, and why this granular information needed. EIOPA should be aware that the administrative burden of additionally administrating this kind of information is tremendous and this information will only be used for supervisory reporting business.
- In the Logfile, EIOPA refers to a TEG final report on the EU Taxonomy. It must be stressed, however, that the work of the TEG does not have legal basis. Therefore, it is also not clear whether the presented table will be a legal requirement categorisation.

3.26 S.14.03 New template – Cyber risk

As stated in response to the 2019 consultation on supervisory reporting and public disclosure, Insurance Europe acknowledges that there is merit in including cyber risks in the scope of the Solvency II reporting package, in order to better understand this emerging risk. The industry also agrees that information on underwritten cyber risks should be reported on an annual basis.

However, the industry does not agree that EIOPA's objective of a 'deeper understanding of cyber risk', as indicated in the 2020 Solvency II Opinion, which necessitates the detail of reporting envisaged by the draft template. Furthermore, it is questionable whether companies can report on cyber risks with data of the level of granularity requested by EIOPA in the draft template. This was indicated by the results of the 2018 stress test on cyber, during which participating companies had difficulties providing the requested data, a point acknowledged by EIOPA in its report on QRTs as part of the December 2020 Opinion on the Solvency II review. The industry also questions whether certain requested information, such as target market details and cyber coverage in the product category, would add value to the supervisory efforts to understand the cyber insurance market. Reporting requirements which generate superfluous data and offer no useful insights should be avoided at all costs as they are inherently disproportionate.

Similarly, the industry is concerned that the draft template, as it stands, would significantly increase the burden on a significant number of entities, especially those with only a limited cyber insurance portfolio. While the EU cyber insurance market is growing, it is still at an early stage of development, representing only a very small fraction of non-life premiums in EU markets. Requiring companies to provide detailed reports on their cyber insurance business, whatever its size, would therefore be disproportionately burdensome — both in terms of costs and resources — considering the size of the market. This is especially true given that the information requested in the draft cyber template is more detailed than what is requested for other, more mature, non-life product categories, for example property, as reported under [S.21.02]. Therefore, at this point in time, Insurance Europe opposes the introduction of a template for reporting cyber risks with the level of detail proposed in the consultation paper, especially when no threshold is applied. The introduction of a detailed template on underwritten cyber risks should be delayed until such a time as when the cyber insurance market grows to a size and market share that justifies such reporting.

The industry also asks for clarification on how information reported under the QRT will be made available to companies: ie whether through a dedicated database on cyber risks, a supervisory report, or other means. The cyber QRT will provide EIOPA with valuable insights into the European cyber insurance market — insights that hold equal value for companies — and it is vital that these insights are shared with the industry in return for the considerable administrative burden that will be associated with the introduction of the new template.

In light of this, Insurance Europe proposes the following comments on the draft template:

- Reporting should be subject to the principle of proportionality based on the size and complexity of exposures, translating into reduced reporting for undertakings with simple, non-complex risk profiles. Therefore, Insurance Europe regrets that EIOPA no longer proposes to apply a threshold to the cyber reporting template (as was included in the report on QRTs accompanying the Opinion on the 2020 review). Given the level of detail contained in the draft template, only companies for which cyber is a significant line of business should be required to report on their business. With this in mind, EIOPA should adopt a reporting threshold by reference to gross written premiums set at least at 10% of

business written to ensure reporting requirements apply only to market participants with a larger presence in the cyber insurance market. Detailed reporting requirements which are not subject to a threshold are also likely to disincentivise new entrants into the cyber insurance market, standing contrary to EIOPA's stated aim of encouraging the growth of the market.

- Cyber risk products should be clearly defined: eg as insurance policies that cover loss caused by an information security breach. An information security breach means an impairment of the availability, integrity, or confidentiality of electronic data of the policyholder or of information processing systems which are being used by the policyholder.
- Reporting should be limited to affirmative cyber risk products.
- Reporting should also be limited to direct business (as in the new versions of templates **S.14.01** and **S.14.02**), as corresponding figures from active reinsurance business cannot be adequately reported or would not be comparable. For example: the number of claims for reinsurance quotas is not available, and claims payments are only available for pure cyber quotas, but not for mixed contracts. International standards for a uniform taxonomy for recording exposure and damage data must be taken into account.
- The requirement to include information on the target market (**C0020**) is excessive and it is unlikely to add any value to the supervisory analysis.
- The draft template requires product categories to be reported separately (**C0030**): however, cyber insurance products are generally combinations of different product categories and, as such, are difficult to unbundle and separate. Instead, companies should only be required to report on which of the three categories of coverage (first party loss, third party loss, or costs and related services) are included in a product.
- The draft template requires cyber as add-on coverage to be reported (**C0040**): however, only standalone cyber products should be included in the scope of reporting. Given the wide variety in the type of add-on cyber coverages, which can range from single clauses to extensive cyber add-ons, it is not feasible to report on cyber as add-on coverage without such reporting amounting to a considerable burden on companies. It is also not immediately obvious what value this type of information would add to a cyber insurance market analysis.
- As it currently stands, the reporting line 'description of risks included in the coverage (**C0060**)' is overly detailed and it is unlikely that it will be possible for many companies to report such information in practice. As a point of comparison, the existing QRT on non-life underwriting risk [**S.21.02**] only requires the 20 biggest single underwriting risks to be listed, a more proportionate approach.
- A threshold should be applied to the reporting of currency (**C0070**).
- A cyber product, as a combination of different product categories, usually has several insured sums as well as possible additional sub-limits. These different sums cannot be easily aggregated, and it is therefore unlikely that it will be possible for many companies to report their sum(s) insured (**C0080**).
- Insurers usually have a combination of different reinsurance coverages (quota share, XL...) that cannot be easily aggregated. It is therefore also unlikely that it will be possible for many companies to report their sum(s) reinsured (**C0100**).
- The requirement to provide information on the number of claims (**C0110**; **C0130**) is also excessive with no evident value that this information would offer.
- The requirement to report the number of technical provisions (**C0140**) should be replaced by the reporting of case-by-case reserves, as the former does not exist in such granularity at product level and would have to be allocated down to the cyber product categories, leading to spurious degrees of accuracy.

3.27 S.15.01 - Description of the guarantees of variable annuities EIOPA

- The insurance industry welcomes the proposal to remove these templates.

3.28 S.15.02 - Hedging of guarantees of variable annuities

- The insurance industry welcomes the proposal to remove these templates.

3.29 S.16.01 - Information on annuities stemming from Non- Life Insurance obligations

- The industry welcomes clearer instructions as suggested.

3.30 S.17.01 - Non-Life Technical Provisions

- While EIOPA presented the removal of the transitional information as a simplification to both **S.12.01** and **S.17.01**, it is adding more reporting requirements regarding EPIFP. EIOPA notes that it 'considers that to provide meaningful insights, EPIFP information should be available at least at Line of Business level.' It is unclear what these meaningful insights would be.
- The EPIFP disclosure requires complex calculation to produce, yet this figure is only required as a disclosure. It is not clear what this data point is used for or what the benefit of providing it is. The industry therefore recommends this requirement is removed or reduced to only being required for annual reporting as a minimum. See also comments regarding the EPIFP reporting in section 2.8.

3.31 S.17.02 – Non-Life Technical Provisions - by country

- While the industry welcomes the decision to keep this template unchanged, it refers to the paragraph with comments on the new templates **S.04.03/04/05**, thereby noting that the overall reporting burden for cross border requirements will increase substantially. In addition, the extension of the scope of this template to reinsurance makes it more burdensome to report and should not be introduced.
- The industry welcomes the inclusion of a threshold representing a coverage of 90% of the non-life technical provisions.
- The clarification of the definition of threshold regarding the negative technical provisions is welcomed.
- It is highlighted that, for the accepted reinsurance business, the definition of country is not provided. Using the definitions of country for direct business would not be feasible for accepted reinsurance business, as data on the location of the risk is not available.
- It should also be noted that when the original templates were being drafted and exposed for consultation, it was pointed out to EIOPA that there was an inconsistency between **S.17.02** and **S.12.02** with respect to indirect business. EIOPA did not however amend the template following these comments. Companies therefore now face additional costs for these changes, which could have been avoided if industry comments were taken into account.

3.32 S.18.01 - Projection of future cash flows (Best Estimate - Non-Life)

- The proposed change to add 'total recoverable from reinsurance' for some LoBs will be burdensome to implement.
- While the industry takes note of the inclusion of a threshold representing a coverage of 90% of the non-life technical provisions, it believes a threshold of 80% would be appropriate, with the proposed 90% threshold, smaller LoBs would have to be included. In addition, while the proposed materiality threshold reflects a proportionality approach, it introduces an additional step of applying a materiality selection, hence it works against the objective of reducing reporting costs.

3.33 S.19.01 - Non-life insurance claims

- The industry welcomes clearer instructions as suggested.
- Proposed changes will mean a reduction in the template reporting requirement, which is positive.
- While the industry takes note of the improved threshold, it deems an 80% threshold to be appropriate. The industry highlights that with the proposed 90% threshold, smaller LoBs would have to be.

3.34 S.20.01 - Development of the distribution of the claims incurred

- While the industry takes note of the inclusion of a threshold representing a coverage of 90% of the non-life technical provisions, it believes a threshold of 80% would be appropriate, with the proposed 90% threshold, smaller LoBs would have to be included.

3.35 S.21.01 – Loss distribution risk profile

- While the industry takes note of the inclusion of a threshold representing a coverage of 90% of the non-life technical provisions, it believes a threshold of 80% would be appropriate, with the proposed 90% threshold, smaller LoBs would have to be included.

3.36 S.21.02 – Loss distribution risk profile

- No change.

3.37 S.21.03 – Non-life distribution of underwriting risks – by sum insured

- No comment.

3.38 S.22.01 Impact of long term guarantees and transitionals measures

- While the industry supports the inclusion of the SCR and MCR ratios in the **S.22.01** template it notes that this template should not be public.
- The volatility adjustment (VA) and matching adjustment (MA) are two key elements of the Solvency II Directive. Requiring companies to disclose the impact without MA or VA is confusing for policyholders and it may give the impression that long-term guarantees 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.
- Furthermore, the proposed calculation of the impact of the ratios could be interpreted wrongly, as the 'impact of transitionals on eligible own funds' divided by the 'impact of transitionals on SCR or MCR' will not show the effect the transitionals have on the solvency ratio.

3.39 S.22.02 to S.22.06 – Long term guarantees measures and transitionals

- No comment.

3.40 S.23.01 - Own funds

- Changes at solo level:
 - In cell **R0720/C0060**, EIOPA introduces a definition on foreseeable dividend which deviates from the guidelines of EIOPA on the own funds. Foreseeable dividends are recognised when the proposal is declared by the administrative, management or supervisory body (AMSB). **The industry does not see a need to change the definition for foreseeable dividends and proposes to keep the original definition.**
- Changes at group level
 - The industry takes note of the changes proposed regarding 'non-available own funds'.
 - The industry takes note of the changes proposed regarding 'minority interests at group level'.
 - The industry is disappointed with the increase of the reporting requirements regarding total available own funds, for which many additional datapoints are added.
 - The industry notes that the proposed definition for foreseeable dividends was not proposed here.
- It is clear that, in the current year reporting, foreseeable dividends from past year results, should be reported in full until they are paid in the current reporting year. However, the reporting of foreseeable dividends from current year business at once in Q1 reporting does not make economic sense, since these dividends will not have been earned fully in Q1 (and also not fully in Q2 and Q3). It is therefore economically sensible to report foreseeable dividends from current year business only incrementally from quarter to quarter (when the dividend has been earned). The full disclosure in Q1 would distort the true economic picture in the quarterly reporting and misrepresent available own funds by erroneously decreasing own funds.

3.41 S.23.02 - Detailed information by tiers on own funds

- Changes at solo level:
 - The industry welcomes the deletion of the information related to 'excess of assets over liabilities, which was not announced in EIOPA's report on quantitative reporting templates, published together with the EIOPA opinion on the 2020 review.
- Changes at group level:
 - The industry notes that, for groups, EIOPA did not suggest the deletion of the information related to 'excess of assets over liabilities.

3.42 S.23.03 - Annual movements on own funds

- The industry welcomes the inclusion of a threshold for this template, both for solo and group template.

3.43 S.23.04 - List of items on own funds

- Changes at solo level:
 - The industry welcomes the inclusion of a threshold for this template, both for solo and group templates.
- Changes at group level:
 - The industry welcomes the inclusion of a threshold for this template, both for solo and group templates.
 - While the industry takes note of the changes proposed regarding 'non-available own funds', it opposes any additional increase in granularity for this template.

3.44 S.24.01 - Participations held - S.24.01

- No changes

3.45 S.25.01 - Solvency Capital Requirement - for undertakings and groups on Standard Formula

- Both for group and solo level:
 - The industry notes that this template is only applicable for SF undertakings/groups, and that EIOPA introduced a new set of templates for the standardised reporting requirements for internal models.
 - EIOPA introduced burdensome changes when it comes to including diversification benefits and more detailed information on capital add-ons, which are also included in the public version of these templates (S.25.01.21/22). The industry notes that new cells should be omitted in the SFCR and the industry would ask EIOPA to elaborate on the added benefit for the introduced cells, especially because the legal background for the set capital add-on should anyhow be known by the NCA.
- Further comments:
 - **RO060/C0030-C0040**: The industry would ask EIOPA to clarify whether the introduction of "including diversification within each risk module" in the description of diversification effects is for clarification purposes only and should only be calculated on the level of module components that form the Basic SCR, or whether the requested items also include diversification effects within the respective module components and if so, to which extent.
 - In **row 0070**, EIOPA introduces "market risk & credit risk". This terminology is confusing as it does not relate to a category of the Solvency II legislation. Normally, credit risk is part of market risk.
 - In **row 270**, EIOPA introduces business risk. However, a definition is lacking, and groups can use multiple interpretations, EIOPA is asked to clarify how this would provide additional information.
 - In **row 310**, EIOPA introduces net non-life risk. EIOPA is asked to clarify how "net" is defined in this cell.
 - **S.25.01.01** and **S.25.01.04**: The new split of Capital Add Ons includes the "Article 37 (1) Type b" that in our understanding is Internal Model specifically related. If this is confirmed by EIOPA, it is suggested to gray out the relevant quantitative input cell.

3.46 New template - replacing "S.25.02/03 – SCR for undertakings and groups using a partial or

full internal model" with the following template:

S.25.05 – SCR – for undertakings using an internal model (partial or full) list of underwriting entities

- Both for group and solo level:
 - **The industry strongly opposes standardised reporting requirements for internal model companies.** The industry suggests that the current templates are maintained.
 - EIOPA does not foresee any proportionality for partial internal models, for which the additional reporting requirements will be very burdensome in comparison to their partial internal model.
 - Note that **S.25.05.21/22** are also public disclosure templates.
 - EIOPA notes in para 2.411 of its report on quantitative reporting templates, published together with the EIOPA opinion on the 2020 review that "the template allows for great flexibility" and that "data reported is agreed between each undertaking and the group and the NCA". For the sake of comparability undertakings will now have to report the burdensome new template **S.25.05**. This is highly undesirable as it would imply that the content of each reporting templates would have to be agreed upon individually with the respective NCA. Differing opinions from different NCAs would make reporting this template extremely burdensome, especially for internationally operating groups. Insurance Europe would appreciate detailed and generally accepted binding instructions for filling in this template. The NCA's opinion on the components to be reported in this template carries over to other templates **S.26.08-16** because they contain the same or more detailed information. This is in contrast to the statement in the general comments section of the proposed ITS for those templates that "cells have only to be filled if this is possible with reasonable effort".
 - Furthermore, as it is not clear, where the specific modelling of a group does not coincide with the prescriptive QRT granularity, EIOPA is requested to clarify what is to be done. Are simplifications in reporting admitted, and should there be more flexibility in each macro module for a residual generic micro module to be used in case of different modelling? For example, spread and migration risk as well as life underwriting risk components assessed jointly and not separately.
 - **Specific concerns for partial internal model users:**
 - The proposed template tries to capture additional insights into full internal models. The intended use of this template for companies with partial internal models is not clear. The industry would appreciate clear instructions on how NCAs will collect information about the remaining modules calculated with the standard formula (SF) and how the structure of the SF would translate to the structure of the template.
 - Companies or groups for which only part of a specific module is covered by an internal model will face difficulties in generating the requested information for the newly introduced templates.** If, for example, only half of the equity portfolio is covered by the partial internal model, the mVar ("modelled VAR") in 26.09/R0110/C0020 carried over to 26.08/R0120/C0010 is only a part of the equity risk SCR. EIOPA is requested to provide clarification as to how **C0010** and **C0070** should be completed for partial internal models.
 - Companies with partial internal model reporting where the SF component of the SCR is either a separate set of risk modules or a part of the existing ones will also face difficulties.** For example, the request of probability distribution functions points (mVaR) could only be addressed by full internal models if no further details on the consistency of templates are provided by EIOPA.
 -
 - In **S.25.05.01, S.25.05.04** the following cells are repeated twice:
 - C0010/R0050** is apparently equal to **C0100/R0300**
 - C0010/R0060** is apparently equal to **C0100/R0310**
 - In **S.25.05.21** a row is missing. Above **C0100/R0211** the total "Capital add-ons already set" (as sum of the 4 categories allowed) is missing in comparison with the other QRT templates.
 - In **S.25.05.22** two rows are missing:
 - Above **C0100/R0160** the "Adjustment due to RFF/MAP nSCR aggregation" is missing in order to allow the matching of the Total SCR with S.25.05.04.

- Above **C0100/R0211** the total "Capital add-ons already set" (as sum of the 4 categories allowed) is missing in comparison with the other QRT templates.

3.47 S.26.01 SCR – Market risk

- Both for group and solo level:
 - It is unclear why information on absolute values of liabilities before shock is required. Firstly, long-term equity (on the asset side) is earmarked, but insurance companies do not distinguish their liabilities (passive side) backed by long-term equity. Such a distinction is not legally required and does not make sense. Secondly, this distinction is asked before but not after shock. It is unclear what purpose this serves. Therefore, the industry opposes the changes to this template.
 - Cells **C0020/R0205** and **C0040/R0205** in **S.26.01.01** and **S.26.01.04** should be available for input.

3.48 S.26.02 to S.26.06

- Both for group and solo level:
 - No changes

3.49 S.26.07 - Solvency Capital Requirement – Simplifications

- Both for group and solo level:
 - EIOPA has proposed to remove a number of cells: for windstorm, hail, earthquake, flood and subsidence the risk weight chosen in the Nat Cat simplifications no longer must be reported.

3.50 S.26.08 New template – SCR – for undertakings using an internal model (partial or full)

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - On p50 of the 'Annex II Solo instructions S.26.02 to S.36.05' and p50 of the 'Annex III group instructions S.26.02 to S.37.03' EIOPA notes that: *"The purpose of this template is to collect data on an aggregate level and show diversification benefits between separate risk modules. Some entries are taken from other templates but are indicated below. From a technical perspective these are not duplicated as they are essentially the same datapoints. Therefore, by filling data in one template it automatically appears in the other one."*
 - In **S.26.08.01** and **S.26.08.04** a clearer clarification should be provided regarding the approach for taxation. For example:
 - C0010/R0020**: It is not clear if the diversification benefit should be calculated before or after tax absorption. Insurers recognise the cell R0060/C0100 is calculated after tax absorption, and consequently must be clarified if a double entry is requested or a pre-tax amount has to be included.
 - C0010/R0070; C0010/R0190; C0010/R0200**: it is not clear if these amounts shall be after tax, since in cells (H18;H20;H21) no reference to taxation is present, and no clarification is included in the "2450_ITS_reporting_consolidated_AnnexII_solo instructions".
 - In **S.26.08.01** and **S.26.08.04** the following cells are repeated twice:
 - C0010/R0050** is apparently equal to **C0100/R0300**
 - C0010/R0060** is apparently equal to **C0100/R0310**
 - from **C0010/R0090** to **C0010/R0200**: it is not clear if these amounts shall be after tax, since no reference to taxation is present, and no clarification is included in the "2450_ITS_reporting_consolidated_AnnexII_solo instructions".

- In **S.26.08.01** and **S.26.08.04** is not clear if **C0100/R0010** is equal to the sum of C0100/R0070+C0100/R0190+C0100/R0270+C0100/R0290+C0100/R0510+C0100/R0530 or to different amounts.

3.51 S.26.09 New template – Internal model – Market & Credit risk for financial instruments

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - In the general comments section of the proposed ITS it is noted that “cells have only to be filled if this is possible with reasonable effort.” This is contrary to the instructions provided for templates 25.05 and 26.08 that share identical datapoints with 26.09 and for which “the components to be reported shall be agreed between national supervisory authorities and insurance and reinsurance undertakings.” The industry would appreciate detailed and generally accepted conditions for filling in this template.
 - The proposed template attempts to capture additional insights into full internal models. The intended use of this template for companies with partial internal models is not clear. Further clarification on how NCAs will collect information about the remaining modules calculated with the SF and how companies and groups should provide the requested information in **C0010** and **C0070** if a model only covers some part of a specific risk module would be appreciated.
 - **R0210-R0480/C0280-C0330** — The proposed template includes a very extensive set of market sensitivities. Considering the tight reporting deadlines, providing this large set of sensitivities would be an extreme burden on most companies and groups. If EIOPA would proceed with the template, the industry suggests removing these cells from the template.
- Further comments:
 - EIOPA states that “these figures should correspond to impact on the ‘net asset value’ associated”. In other cells and templates, even in the next sentence, reference is made to BOF. EIOPA should therefore clarify the definition of net asset value.
 - EIOPA states that “mVaR 99.50% without volatility adjustment (VA) and without transitionals”. EIOPA should therefore clarify whether this implies that it should also reported without DVA.
 - EIOPA asks insurers that are in scope to provide several sensitivities. However, these sensitivities do not align with the proposals made by EIOPA for a standardised set of sensitivities to be included in the SCR. For similar categories, different sensitivities are requested. This significantly adds to the administrative burden. The industry suggests removing these sensitivities. However, if EIOPA decides to implement these, the industry suggests that EIOPA aligns the sensitivities.
 - In **S.26.09.01** and **S.26.09.04** “of which: Interest rate risk diversified” (**R0050**) it is unclear what it is expected to be included in columns from C0070 to C0270, taking into account that field is a diversification benefit and not an overall SCR amount.
 - In **S.26.09.01.02** insurers are required to report the “Modelled VaR” values (mVaR). EIOPA should confirm if the required “mVaR” is the same type of measure required for the MCRCS study, and that it shall be computed as explained in the “Market & credit risk modelling comparative study (‘MCRCS’), year-end 2020 edition - Instructions to participating undertakings for filling out the data request” in Section “VI.3. Appendix 3: Q&A to specific parts of the data request”. Further clarifications are necessary to avoid the wrong input being provided.

3.52 S.26.10 New template - Internal model: Credit event risk – portfolio view details

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - In **S.26.10.01** to **S.26.12.01**, it seems that concentration risk is missing.
 - In **S.26.10**, insurers are required to report the field C0050 Average Probability of Default. EIOPA should confirm if it is correct to assume that from **S.26.10.01.01** to **S.26.10.01.04** for the fields “Counterparty Group/Single Exposure 1-10” the 1Y Probability of Default associated to each of the reported counterparties must be reported.

- In **S.26.10**, it is required to report the field C0060 - Average Loss Given Default. EIOPA should confirm if it is correct to assume that, unless stochastic LGD are used in the model, from **S.26.10.01.01** to **S.26.10.01.04** for the fields "Counterparty Group/Single Exposure 1-10" the LGD associated to each of the listed counterparties must be reported.
- In **S.26.10**, it is required to report the field C0050 Average Probability of Default. EIOPA should confirm if it is correct to assume that for the fields different from the "Counterparty Group/Single Exposure 1-10" the average 1Y Probability of Default associated to each of the reported counterparties, weighted by the market value (or the Exposure at Default?) of the counterparties, must be reported.
- In **S.26.10**, insurers are required to report the field **C0060** - Average Loss Given Default. EIOPA should confirm if it is correct to assume that, unless stochastic LGD are used in the model, from **S.26.10.01.01** to **S.26.10.01.04** for the fields different from the "Counterparty Group/Single Exposure 1-10" the average LGD associated to each of the listed counterparties, weighted by the market value (or the Exposure at Default?) of the counterparties, must be reported.
- In **S.26.10.01.07**, insurers are required to report, under an mVaR 99.50% metric, the **R0740** - Credit Event Risk and the **R0750** - Expected Loss figures. EIOPA should confirm if it is correct to assume that **R0740** corresponds to the overall credit mVaR (as reported in **S.26.09.01.02 C0020/R0170**). For **R0750**, insurers are required to report the sum over all the exposures of their Market Value (or Exposure at Default?) times their PD times their LGD.

3.53 S.26.11 New template - Internal model - Credit event risk for financial instruments

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - In **S.26.11**, insurers are required to report data for the asset class of derivatives (eg **R0070**), but not for reinsurance, while in **S.26.10** these two asset classes are reported together (eg **R0610**). In some internal models, derivatives and reinsurance are modelled under the "counterparty default" risk module, and not under the "credit default" risk module, that is applied to the bond/loan investment portfolio. EIOPA should confirm if, in these cases, the legal entity should report derivatives under **S.26.11** or rather under **S.26.12**?
 - EIOPA should clarify under which circumstances **R0090/C01000** can differ from **R0180/C0100** in **S.26.11**.

3.54 S.26.12 New template - Internal model - Credit risk Non-Financial Instruments

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - The **S.26.12** template uses an asset classification that seems to be taken from the SF (Type1, Type2, ...), but some internal models do not use this classification. EIOPA should clarify whether to complete the QRT, the same classification of assets as for SF should be used.

3.55 S.26.13 New template - Internal model - Non-life & Health Non-SLT

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - Companies that do not cover the full risk module within the internal model are not able to fulfil the data requirements, and parts that are not internally modelled cannot be provided which means that certain cross-checks with other templates (26.08), as described in the LOG-file, might fail.
 - The reporting requirements for this template are the same for solo companies and groups. It is not meaningful to have such detailed reporting requirements for groups, as several of the required data

might not be available. If EIOPA proceeds with the implementation of this template, a simplification of the group reporting requirements should be considered.

- **S.26.13.01.09 / C0110-C0120**: The undiversified view on detailed model results (quantiles) is usually not available in internal model outputs, as it does not bring added value for analysis. The industry suggests excluding this requirement.
- **S.26.13.01.11** and **S.26.13.01.13**: The requirement to provide detailed data for each man-made catastrophe scenario individually is not considered meaningful and is overly burdensome. The industry suggests allowing for aggregation of all man-made catastrophe scenarios and their combined reporting in these sections.
- **S.26.13.01.13/C0210**: The requirements for natcat model results are overly complex and burdensome. The industry suggests removing at least occurrence exceedance probability (OEP) data, as this data only reflects single loss information rather than annual loss information, which is the target of the Solvency II evaluation.
- In **26.13.01**, is not clear where and with which level of granularity non-life lapse risk must be reported in cases where this risk is modelled separately from other non-life underwriting risks within the internal model framework.
- In **26.13.01**, it is not clear what should be done where the specific modelling of a group does not coincide with the prescriptive QRT granularity: in particular, if the internal model reporting is not done at Solvency II lines of business granularity. EIOPA should clarify whether simplifications in reporting would be admitted.
- For larger entities and for the group the reporting by internal model, LoBs will turn out to be difficult to manage due to the large number of such LoBs. Furthermore, this could imply inconsistencies in reconciling internal model LoBs results with Solvency II LoBs and Total, driven by the fact that Solvency II LoBs and Total are modelled starting from internal model LoBs but using a larger number of simulations.
- In **26.13.01**, **R0510** and **R0750**, written premium planned in the 12 months post the reporting reference date are not used in the internal model, and some companies instead use earned premium planned in the 12 months post the reporting reference date. Using written premium would lead to an inconsistency with the actual input of the model. It is suggested not to specify written or earned in the request and add a cell for qualitative information on the premium used.
- In **26.13.01.11** and templates thereafter, it is not clear where the classes should be taken from ("set out at the LoBs row of premium risk template").
- In **26.13.01.11**, it should be further clarified what is meant by exposure amount: limits at risk.
- In **26.13.01**, it is not clear how man-made risk should be reported in cases where the internal model models the risk within premium risk. Separating this risk is possible with proxies, but may lead to inconsistencies and double counting.
- In **S.26.13.01.14** and **S.26.13.01.15**, EIOPA is asked whether proxies are allowed in cases where the distinction between direct and accepted business is not available by peril.
- In **S.26.13.01.17**, it is not clear if the data should be reported gross or net of reinsurance.

3.56 S.26.14 New template - Internal model - Life & Health risk

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - In **S.26.14.01**, the information requested for life and health risks are split by life and Health Similar to Life Techniques (HSLT) business. Nevertheless the risk classification of the internal model could not be aligned to the business classification adopted for the SF calculation. In cases where there is not split between the life and health business, clarification on how to fill in the template should be provided.
 - In **S.26.14.01**, the information is required for a sub-set of underwriting risks and not all the risks included in the solo/group risk map could be reported (eg health claims risk and going concern reserve). Further clarification on the treatment of the missing risks would be appreciated.
 - In **S.26.14.01.04**, the sum of the life and health sub-modules and the diversification effect should be reported. Nevertheless, as stated above, the internal model design could not reflect the same

level of diversification as under SF. Further clarification on how to fill in the template in this case would be appreciated.

- In **S.26.14.01, R0050** requires the values related to the catastrophe component of the mortality risk. EIOPA should confirm if, in cases where Life CAT is a separate risk, **R0050** should be left empty and only **R0250** has to be populated.
- In **S.26.14.01, R0100** requires the values related to the catastrophe component of the longevity risk to be included. EIOPA should confirm if, in cases where the component is not applicable, the cells should be empty.
- In **S.26.14.01**, for all the risks the split by component (trend, level and volatility) is required. In all the cases where internal models assess mortality (non-CAT) risk in a unique loss distribution, implicitly accounting for the three mentioned components, EIOPA should confirm what it expects to be reported: ie can a legal entity leave the trend, level and volatility rows (**R0320 to R0340**) empty or is a simplified approach to split the amount in the three components expected? In the latter case, insurers would suggest the use of this information to be disclosed jointly with the level of simplifications used.

3.57 S.26.15 – New template - Internal model - Operational risk

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.

3.58 S.26.16 New template - Internal model - Model Changes

- Both for group and solo level:
 - The industry strongly opposes standardised reporting requirements for internal model companies.
 - It is not considered meaningful to have a QRT on the model change process, since the internal model process already prescribes detailed reporting requirements on model changes on a quarterly basis to the NSA's (ie to avoid double reporting). The new template requires additional reporting which is potentially structured in a different way and could lead to confusion (ie different time windows on how companies look at model changes).
 - The new reporting requirements require that the model change process in respect of the annual calculation is finished by the QRT reporting deadline. As those processes might be set up in a different way in different insurance companies, it might not be possible to deliver the information on model changes in time for the reporting. One possibility would be to request information on model changes with a one-year shift.
- Further comments:
 - **S.26.16.01.01/C0050**: The text should be adjusted as this requirement concerns a change of the model change policy and not the model.
 - **S.26.16.01.03/C0240 & C0250**: This requirement should be reconsidered. Providing the sum of minor model changes with SCR increase/decrease cannot be used to assess the overall impact of minor model changes, as diversification/aggregation benefits between minor model changes cannot be taken into account when using the sum.

3.59 S.27.01 - Solvency Capital Requirement - Non-life and Health catastrophe risk

- Both for group and solo level:
 - No changes

3.60 S.28.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

- No changes

3.61 S.28.02 - Minimum Capital Requirement - Both life and non-life insurance activity

- No changes

3.62 S.29.01 to S.29.05 - Variation analysis templates

- EIOPA decided to **maintain the current variation analysis templates (S.29.01** excess of assets over liabilities, **S.29.02** Excess of assets over liabilities – explained by investments and financial liabilities, **S.29.04** Detailed analysis per period – Technical flows versus Technical provisions). In addition, **a new template was introduced (S.29.05** Detailed analysis per period – Analysis of changes of Best Estimate Non-Life,) and non-life reporting requirements were removed from template **S.29.03** (Excess of Assets over Liabilities - explained by technical provisions).
- **The added value of these QRTs is not clear.** These QRTs were not used for discussions by the supervisor. At the same time, new and changed QRTs require significant effort. The cost-benefit analysis is therefore conceivably unfavourable. In addition, defining and introducing definitions of composites is overly complicated and **the variation analysis templates should be removed**, or that EIOPA should **at least keep the current templates S.29.01-S.29.04, which should remain the same.** The proposed changes only increase the reporting requirements, rather than reducing them as companies have requested. Finally, if EIOPA decides to maintain the templates, thresholds should be implemented.
- In annex II solo instructions **S.26.02** to **S.36.05**, EIOPA introduces another template '**S.29.03.05** – introductory remarks: determination of the dominance of the business model for composites'. This template is not reflected in the 'EIOPA 2020 review annotated templates' excel file, and in the cover note EIOPA mentions this on p10 as 'a methodology and threshold to identify the material business model for a composite insurer is also proposed'. EIOPA also notes in the cover that "the sector was generally supportive of the QRT for non-life" (ie the new template **S.26.05**, but which was previously consulted as **S.29.06**). However, the sector made those remarks under the impression that the other QRTs would be deleted and replaced.
- In its proposed form, the new template **S.29.05** does not achieve the objective of reducing reporting burden for undertakings and ensuring risk-based reporting of meaningful data. The highly increased granularity of the template compared to the current version, with separation between premium and claims provision and more detailed walks, all by individual lines of business, creates significant challenges. The current format of the VA template is already burdensome, as the cashflows are analysed through the internal and Solvency II systems, and with the proposed increased granularity the main challenge would be the unavailability of different characteristics or splits in different systems. To produce the data for the template, approximations would need to be made, which would require resources and the obtained numbers would lack accuracy. Furthermore, as all the lines of business need to be covered regardless of their materiality, this is not in line with the risk-based proportionality principle.
- Insurance companies note that, in general, the process of completing the QRTs **S.29.01-04** is slow, as it requires mostly manual labour, since it is not feasible to automate these QRTs.
- It should be noted that the PRA has proposed in its recent consultation to remove the **S.29** series for UK insurers (whilst EIOPA has proposed to create a new template and amend existing ones). The paper notes that 'the information reported in the templates listed in paragraph 2.2 either has limited prudential value to [the PRA's] supervisory approach, or could be derived from other information reported without additional burden. A number of the proposed templates* have been reported by only a few firms in the past and provide limited incremental informational value on these firms'. (* *This does not just refer to S29 series templates*)
- Further specific comments:
 - **S.29.05 - R0100:** In the previous Analysis of Change (AoC) (**S.29.03.01.03**), there was a distinct row for non-economic assumption. EIOPA should therefore confirm whether it is correct to assume that this is now part of the actuarial assumptions in **R0100**.
 - **S.29.05 - R0230, R0330:** EIOPA is asked to clarify what the relation is between claim handling costs and allocated loss adjustment expenses (ALAE), ie whether they exclude each other or whether the one is part of the other.

- In Annex II, for **S.29.03**, the label for **C0100 - C0110/R0320** was amended to remove the text “net of salvage and subrogation”, while the annotated template for **S.29.03.01** still has that language. This needs to be removed, also in the annotated template to align.

3.63 S.30s - Facultative covers for non-life and life business basic and shares data and Outgoing Reinsurance Program basic and shares data

- The reduction of the scope of the templates and reduction of the columns are positive. At the same time however, new columns have been introduced.
- In the end, EIOPA did not propose a threshold for this template, that would have accounted for stakeholder feedback that highlighted how the previously proposed threshold was very complicated to calculate.
- The industry opposes any additional requirements regarding this template.
- Specific comments:
 - **S.30.01 C0045**: The industry would welcome additional information regarding the expected reported information. EIOPA is requested to provide additional definition/guidance for the reported information and examples.
 - **S.30.02 C0050**: It is not clear how information on the code and type of code of the reinsurer should be reported, which were previously divided into two fields.
 - **S.30.03 C0420**: The provided definition and metrics do not provide sufficient information to determine how the requested information is to differ from the values already requested in **C0230** or **C0240**.
 - **S.30.03 C0430**: EIOPA should elaborate on what is expected to be reported in this column.

3.64 S.31.01 - Share of reinsurers (including Finite Reinsurance and SPV's)

- The proposal to introduce a currency field could be onerous. Firms find this form difficult enough already: the ability to analyse the reinsurance recoveries by counterparty is usually limited, so an element of approximation and pro-rata allocation is often employed; and introducing further analysis by currency will simply lead to more of the same. This goes significantly beyond the existing requirement set out in **S.02.02**.
- Further specific comments:
 - **C0155**:
 - This information can be very difficult to obtain for legacy or small contracts, especially considering that some might run over 15+ Years. The industry would welcome potential exemptions or simplifications.
 - As of today, the amounts are reported in the balance sheet currency. In the documentation package, there seems to be a misalignment between what is written in the template in excel (“*Original currency of exposure/transaction/instrument*”) and what is reported in the instructions (“*Where applicable, identify the ISO 4217 alphabetic code of the currency of the reinsurance recoverables*”). It is not clear which currency should be used. If, as written in the instructions, it should be reported the reserves and credits in the currency in which the exposure is expressed, it is not clear which exchange rate should be used to convert the currency in which the reserves / credits are expressed.

3.65 S.31.02 - Special Purpose Vehicles

- No changes

3.66 S.32.01 –Undertakings in the scope of the group

- **S.32**: The template was not simplified, while NSAs suggested in the December report that ‘the template is detailed and includes information with no additional benefit’. In the currently proposed template, additional information is requested.

3.67 S.33.01 - Insurance and Reinsurance individual requirements

- EIOPA introduces the relative contribution as a new field. In the formula given, EIOPA does not make a distinction between actual diversification benefits and the impact of intragroup transactions. It seems that EIOPA includes IGT as being part of diversification benefits. EIOPA is asked to confirm whether this interpretation is correct, and to provide more background as to why this change was proposed.

3.68 S.34.01 - Other regulated and non-regulated financial undertakings including insurance holding companies and mixed financial holding company individual requirements

- EIOPA introduces the relative contribution as a new field. However, a notional capital requirement for a holding is generally not included in the group SCR as the majority of the notional capital requirement will be subject to intragroup positions: eg the holding of the participation in all underlying undertakings. The formula therefore does not make any sense. In the further clarification, EIOPA does copy the text of the **S33** template, while this is not the scope of the S33 template.

3.69 S.35.01 - Contribution to group Technical Provisions

- No changes

3.70 S.36.s Intragroup transaction templates

- The IGT templates set **S.36** consists of the following templates:
 - **S.36.00** IGT - Summary template
 - **S.36.01** IGT - Equity-type transactions, debt and asset transfer
 - **S.36.02** IGT – Derivatives
 - **S.36.03** IGT - Off-balance sheet and contingent liabilities
 - **S.36.04** IGT - Insurance and Reinsurance
 - **S.36.05** IGT - IGT - P&L
- The alignment with the FICOD template is welcomed. The current proposal, however, is very difficult to implement in cases where groups that do not form a financial conglomerate: ie those which operate solely or mainly in the insurance sector. In order to address this:
 - **The templates currently in place should remain unchanged for undertakings that "operate solely or mainly" in the insurance sector.**
 - Or alternatively:
 - In regard to the IGT, the ITS **S.36.00** requires reporting of all intra-group transactions distinguishing between significant, very significant and transactions required to be reported in all circumstances. The industry recommends to **only differentiate between significant and not significant intra-group transactions** to ensure clarity regarding the information that has to be reported.
 - **The reporting requirements which are particularities to the financial conglomerates should be eliminated for groups which are no financial conglomerates.**
 - In addition, the templates need more and clearer instructions and definitions.
 - The timeline and corresponding administrative burden should be reasonably set as the currently foreseen implementation deadline is very short and would result in a very high administrative burden. The industry notes that even if the definitions are cleared, the technical implementation of indirect transactions is particularly difficult, given the existing systems have to be changed (ie through changes to IT infrastructure), leading to a disproportionate cost/benefit ratio.
- Further detailed comments regarding the modification of IGT:
 - Some formal errors in the note should be corrected regarding the column "item" and the column describing the relevant row and column. In the template **S.36.00**, the number identifying the relevant columns of the template is not correct in some cases: eg **R0030/C00510** instead of **R0030/C0050**. In the second column stating its content, the description assigning the value to the

correct sector is missing: eg debt instruments instead of debt instrument from the banking sector to the insurance sector.

- A definition of indirect transactions vs single economic operation and further instructions are needed: eg should be invoices now separately reported – if they include indirect and single transactions – even on cash basis and its one transaction?
- The industry would question the relevance of the reporting of transactions with other sectors which are not IGTs (implementation of third-party transactions): eg IGT2/Derivatives and IGT3/Contingent Liability are per se always “indirect transactions” either intragroup or third party. It is unclear which of the options is relevant for the reporting.
- A clear distinction between IGT1 and IGT5 is necessary: eg IGT1/Loans & Equity Type requires the field interest expenses as well as dividends, so should they also be reported in the new QRTs in IGT5 or are they replaced by the IGT1 fields (old template)?
- Is the implementation of fields relating to sectors relevant (all insurance)?
 - The “four” sectors are not representative for an insurance business – which leads to a wrong value-chain and/or risk-analysis.
- EIOPA should clarify the reason for dissolving/uniting IGT4 within the IGT5 P&L Template:
 - P&L Template definition questions
 - Please clarify whether the types “Internal Cost Sharing” or “Others” (old template) are included.
- **S.36.04.01** (Reinsurance Template)
 - C0090** (Single Economic Transaction) for reinsurance transactions the definition must be more concrete, as the reference to general comments supra does not suffice. The log file must explain if this means reinsurance contracts – also for co-insurance – by layer or by segment must be in future connected via transaction ID in field **C0010**. This will lead to a significant increase in the burden and implementation costs of reporting and is not warranted from a cost-benefit perspective.
 - In **C0150** (Maximum cover by transaction), the definition for non-proportional reinsurance is missing. Further clarification is needed as to whether this means that there is no reporting requirement for non-proportional reinsurance contracts in this cell.
- The deletion of reporting requirement by lines of business is welcomed since it reduces the complexity of the template.
- **S.36.01/S.36.02**: These template fields are given a different code (eg old code **C0040** in **S.36.01** becomes **C0031**) or new data to be reported is requested in existing codes (eg C0040: sector of the investor/lender in existing code C0040: ID code of the investor/lender). This creates a lot of additional administrative burden and costs. EIOPA should put forward another, less onerous alternative.
- **S.36.02 C0260**: Revenues stemming from derivatives is new. EIOPA should clarify what this entails. Interest will be reported in FC.05 P&L, so EIOPA should elaborate further on FC.05 P&L and what the connection is with the field C0260.
- **C0080** and **C0090** : EIOPA should clarify whether the fields mutually exclusive, and to provide an exact definition of an indirect transaction.

3.71 S.37.01 - Risk concentration

- The risk concentration templates set S.37 consists of the following templates:
 - **S.37.01** Risk concentration
 - **S.37.02** Risk concentration – Exposure by currency, sector, country
 - **S.36.03** Risk concentration – Exposure by asset class and rating
- The alignment with the FICOD template is welcomed. However, **the templates currently in place should remain unchanged for undertakings that "operate solely or mainly" in the insurance sector**. Reference is made to comments on section 3.70 regarding not changing the **S.36** for groups that are mainly insurance groups and which do not form a financial conglomerate. The same comments as for QRT S.36 also apply to **S.37**.

- The industry takes note of the fact that the template **S.37.01** is less granular and of the clearer instructions, as suggested.
- Information on credit or insurance risk mitigation techniques (**C0260**): EIOPA puts forward three options to present the net value according to single counterparty. And EIOPA is asking for industry feedback on which of the three options is preferred. It is also possible to put forward other proposals.
 - Option A – A proportional breakdown of the capacity of the treaty among counterparties.
 - Option B – Simulations to see how the reinsurance treaty works in different scenarios.
 - Option C – Not applying these contracts in the presentation of the net exposure and supplementing with narrative information.
- **The industry notes the following with regard to the proposed options:**
 - **Option A** may be 'practical' from an operational point of view, but is very arbitrary, artificial and does not fit the aim.
 - **Option B** is dependent on selecting adequate and consistent scenarios. It is quite burdensome for the aim of the reporting and may impair data comparability across groups.
 - **Option C** is currently applied in one member state. It gives the supervisor an idea of the actual reinsurance protection of the significant exposure. However, it is difficult to carry out a proper analysis. Thus, this option is also not deemed as an appropriate solution for the template which should present risk concentration.
 - **The industry prefers option A**, as options B and C make the reporting more complicated and burdensome by introducing scenarios or narrative information. National supervisors may instead request this detailed information on ad-hoc basis.
- First and foremost, **the main common objective should be the alignment of the Solvency II and the FiCOD requirements.**

The final draft concerning the reporting at financial conglomerate level takes into account any deduction that comes from the application of insurance and/or risk mitigation technique allowed according to the sectoral rules such as reinsurance, the use of derivatives or those detailed by chapter 4 of EU 575/2013.

The current consultation, referring to Solvency II, distinguishes between 'insurance exposures' itself of which a difference of gross and net exposure can be expected and 'insurance exposures of the group' that are reinsured/risk mitigated via a non-proportional reinsurance treaty, encompassing more than one counterparty.

As a consequence, EIOPA is already aware that it can be difficult to present the net value per single counterparty. As a result, there are **more requirements at financial conglomerate level than for Solvency II** and there is **a deviating perspective in terms of supervising reinsured exposures**. Considering the requirements as a whole, the main objective of the Solvency II review and the final report in regard to the financial conglomerates reporting is to **avoid differences between Solvency II and the financial conglomerate reporting** and to **implement a new harmonised set of regulations**.
- As mentioned in the consultation, it can be difficult to present the net value per single counterparty as it is requested in the template when the insurance exposures of the group are reinsured/risk mitigated via a *non-proportional reinsurance treaty*. Therefore, **Option A is the most feasible one in order to provide the information requested in an adequate way.**
- As requested in Option B, the application of simulations to see how in chosen scenarios the reinsurance treaty may work results to be really burdensome for the aim of the reporting and may impair data comparability across groups. In addition to that, it may be difficult to compare reinsurance treaties of different national regulatory decrees and policies, because the way transposing the requirements into national law may differ from country to country.
- The description of the reinsurance treaty as mentioned in Option C may not be sufficient enough to display the effect of the reinsurance treaty among the counterparties. On the one hand, the description itself provides information of the treaty. On the other hand, it leaves room for

interpretation and does not provide further details of how it is calculated. As a result, the description of the treaty cannot display its effect across branches and countries in a consistent manner.

- The cover note also states that “groups will be requested to present the significant (and very significant) risk concentration”. Concerning IGT, the industry recommends **only to differentiate between significant and not significant risk concentration** so that it is clear what information has to be reported.
- Further detailed comments:
 - **C0170** requires the total amount of the exposures while the solo versions for **S.11** and **S.03** have reporting thresholds, this causes an indirect requirement for solo companies to fully report S.11 and S.03, despite thresholds, in order to have a full data set for the group **S.37** QRT.
 - **C0220**, **C0260** and **C0270** seem relevant only for groups engaging in providing credit business, but according to insurers’ understanding the column would remain empty for pure insurance groups.
 - Templates **S.37.02** and **S.37.03** do not seem to offer any more insight into risk concentration than that of **S.06.02** reported on group level. The industry would welcome additional guidelines explaining the difference, especially considering that S.06.02 is already more detailed than required for the purpose of the new templates.

3.72 S.XX.01-03 – LAC DT/Deferred taxes templates (new templates)

- The template is not part of the annotated template file.
- It is assumed that XX.01 replaces templates **25.01.01.03-05** and **25.05.01.03-05**. EIOPA is requested to confirm this.
- **The industry strongly opposes the introduction of the new deferred tax templates**, as the current information reported in **S.25** is sufficient. The requested information should be gathered and evaluated on an ad-hoc basis only by the national supervisor, not as an increased reporting with these very burdensome new templates for many undertakings.
- The main goal of LAC DT (recoverability test reporting) is to check whether, after a loss, sufficient taxable profits are available to offset the loss. The proposed QRTs ask for information that may go beyond this purpose. In many cases, the QRT asks for a level of detail that may not present a clear added value for LAC DT calculation.
- Comments per template:
 - **S.25.XX.01.04**: The split between post-stress temporary differences (**R0400**) vs unused tax losses (**R0410**) may be merely theoretical: eg a market shock can lead to a temporary difference (eg shocked assets are held to maturity and the temporary difference reverses) or can lead to a tax loss (eg shocked assets are sold and an asset with a similar yield is bought, after which the tax loss recovers), and in both cases the recoverability test is identical.
 - **S.XX.02.01.02** & **S.XX.03.01.02**: The average investment return is not always useful as some parts of the investment return may not be taxed and therefore do not impact recoverability: eg value gains of shares under Belgian fiscal legislation.
 - **S.XX.02.01.03** & **S.XX.03.01.03**: Many data items may not be relevant for the recoverability test calculation, amongst which:
 - Written premiums (within contract boundaries).
 - The distinction between renewals vs new contracts.
 - The distinction between “Taxable profit before temporary differences” vs changes in temporary differences (cf. comment made on **S.25.XX.01.04**).
 - **S.XX.02.01.04** & **S.XX.03.01.04**:
 - The distinction between carry-forward (**R0500**) vs fiscal losses (**R0530**) may be merely theoretical (cf. comment made on **S.25.XX.01.04**).
 - The formula provided in the instructions may need to be corrected to **R0560 = R0530 * R0100 + R0540**.
- The paragraphs above only provide some examples of data which may not be directly needed for the purposes of understanding LAC DT. In order to obtain a useful reporting — if additional tables are required at all — the focus could be on (post-stress) taxable P&L projections: eg split in 2-3

lines between life & non-life (+ investment returns). This would provide a shorter reporting with useful insights on the recoverability test, leaving out information that is not directly related to LAC DT.

- In **S.XX.01**, this information is deemed mostly a repetition of the one already introduced in 2021 in the main SCR related QRTs at solo and group level. Furthermore, this level of detail is not available in post stress conditions where a full market value balance sheet (MVBS) is not produced.
 - In **S.XX.02** and **S.XX.03**, the information requested seems to refer to recoverability assessment over future profits. EIOPA should confirm whether the use of these QRT templates is limited to entities that have used a recoverability assessment. The extension to entities not using that leverage for capital absorption is strongly opposed by insurers, as the requested input is complex to provide and the possible use uncertain.
- If EIOPA proceeds with the implementation of these templates, the industry suggest that:
- **S.02.01.01:**
 - The proposed threshold for 02.01.01 is plausible on solo level. The industry would propose to adjust the SCR for the impact of the LACDT: ie, replace $10\% * SCR$ with $10\% * (SCR - LACDT)$. The SCR without LACDT would be a more natural measure to assess the relative impact of netDTA and netDTL.
 - **C0030/C0040:**
 - The proposed columns seem to be intended to assess the impact of DTA and DTL on the LACDT on solo level. On group level, the calculation of deferred taxes is very complex as the local tax regulations and the local tax books are very different within the group. So, it would be very complex and time consuming for the groups to calculate a consolidated group tax book. This would not bring any meaningful information for the control authorities, as it would be a mix of different tax rules and tax books. Furthermore, most groups take their IFRS balance sheet as a basis for the calculation of deferred taxes. The IFRS balance sheet does not have the same structure of balance sheet as the economic balance sheet. Groups would therefore have to report deferred taxes from their solo companies twice – once according to the IFRS balance sheet structure and a second time according to the economic balance sheet structure. This would lead to high and unnecessary costs and would be very time consuming. EIOPA is requested to confirm that the proposed columns are not applicable for groups.
 - **XX.01**
 - General remarks:
 - Rows **R0500** and **R0510** are inconsistently labelled when compared to the proposed ITS (**R0430** and **R0440**). For the purpose of further comments, the notation from the LACDT templates is used.
 - There is a typo in row 18: Justification of _deferred_ tax asset.
 - There is a typo in row 27: _Unused_ tax credit
 - **R0200-R0230/C0020-C0030:** EIOPA is requested to provide further explanation as to how these cells should be filled for approaches based on average tax rate.
 - **R0300/C0020-C0030:** It would be appreciated if the thresholds for **XX.02** and **XX.03** would be applicable to **R0300/C0020** and **R0300/C0030**, respectively.
 - **XX.02/XX.03**
 - The proposed templates seem to be intended to assess the impact of DTA and probable future taxable profits on the LACDT at solo level. For groups, generating this information would be even more burdensome and does not provide any further useful insights for supervisors. EIOPA is invited to confirm that the proposed templates are not applicable for groups.
 - The proposed thresholds for XX.02 and XX.03 seem plausible. The industry would propose to adjust the SCR for the impact of the LACDT in the thresholds not related to the SCR

breaches: ie replace $10\% * SCR$ with $10\% * (SCR - LACDT)$. The SCR without LACDT would be a more natural measure to assess the relative impact of taxes on future profits and DTA.

- Proposed thresholds:
 - **S.02.01** Balance sheet: The industry takes note of the threshold of 'DTL > 10% of the SCR' proposed for **C0030** and **C0040**
 - **S.XX.01** Deferred taxes: No threshold is foreseen
 - **S.XX.02** Deferred taxes – Projections before the stress: A threshold is foreseen
 - **S.XX.03** Deferred taxes – Projections after the stress: A threshold is foreseen

- **Question - Do you agree with the proposed threshold?**
 - **The industry strongly opposes the introduction of the new deferred tax templates.** The current information reported in **S.25** is sufficient. Alternatively, high thresholds should be introduced for all the proposed LAC DT templates. Furthermore, the thresholds should apply to all the new LAC DT templates, some in the current package do not have a threshold, eg **XX.01**.

4. Additional comments

4.1 Financial Stability Reporting templates

- The industry takes note of the deletion of some of the information in the financial stability reporting templates (FSTs): eg the annual templates. While EIOPA highlights its proposed elimination of annual FSTs, a consequence of this is the requirement of additional information in a set of QRTs for financial stability.
- Proposed changes:
 - New **S.14.04** and **S.14.05**, focusing on liquidity risk.
 - Changes to template **S.02.01** - balance sheet, for groups is changed to also include statutory accounts on a quarterly basis. It would make more sense if the S.02.01 for groups was changed in the same way. Now statutory accounts need to be verified quarterly for groups in Financial Stability only.
 - Changes to template **S.38.01**: Duration of technical provisions with new duration measures.
 - Changes to template **S.39.01**: A few more cells added.

- The **inclusion of any new detail in the FSTs is not supported by the industry**. In particular for the **S.02.01**, **S.23.02** and **S.39.01** which require finalised figures at group level. As the financial stability reporting deadline for groups is only seven weeks (compared with quarterly at 11), it is not realistic to expect detailed figures already by the shorter deadline.
- EIOPA introduces the **S.14** liquidity templates. However, at the level of the group, this is a quarterly template. In order to complete the template at the level of the group, the group needs the templates at solo level. However, the solo level information is an annual template. This requirement would imply an increase in reporting frequency. EIOPA should confirm if it has identified this issue and confirm that this is the objective.
- Collecting liquidity risk information does not form part of the solvency regime and **this template should therefore not be included**. In the context of the non-life insurance market, the template does not match industry practice, as liquidity is managed at entity level rather than product or line of business level. Additionally, insurers tend to monitor liquidity risk by looking at how the level of liquid assets they currently hold compares to expected cash out flows (in business as usual and stressed scenarios). The information required by the template appears to track historic cash flows against current liabilities, which would not be helpful in assessing imminent liquidity risks (which inherently tend to be near term risks); at best it would seem that it could provide information on trends when analysed quarter on quarter.

- Comments on specific templates:

- The exact scope of templates **S.14.04.11**, **S.14.05.11**, and **S.38.01.10** is not clear (groups vs individual entities and direct vs accepted reinsurance business).
The additions to Guidelines 14 and 15 for individual entities refer to Articles 230 and 233 of the Solvency II Directive, which relate to groups. EIOPA should confirm whether this means that these templates only apply to groups.
- Furthermore, it is not clear whether the template **S.14.05.11** applies to reinsurance entities. The field "Line of Business" only lists the direct business lines. It is also noted that the new versions of RSR templates **S.14.01** and **S.14.02** apply to direct business, and the FSTs **S.14.04** and **S.14.05** should be in line with them and also be limited to direct business. The template S.14.02 is very granular, requiring splitting best estimate to product classes with such split not available without extensive approximation efforts, in particular for assumed reinsurance business.
- In the new **life liquidity template S.14.04**, EIOPA introduces cashed premium. This is a new data field which will create a significant administrative burden. If EIOPA goes ahead with these changes, the industry would deem it reasonable to include a proxy which can be used to complete this cell in order to allow for a proportionate approach. Further, EIOPA requests the fiscal treatment of the products in cell C0210, which duplicates the information that will be included already in S.14.01 (same cell number).
- In the new **non-life liquidity template S.14.05**, EIOPA introduces new categories/subsets of LoBs. This will result in additional administrative burdens, as insurers will have to differentiate among the new subcategories, as identified by EIOPA. If EIOPA goes ahead with these changes, the industry would deem it reasonable to allow for a proportionate approach.
- EIOPA has added new requirements with respect to the reporting of the P&L figures in QRT **S.39.01.11.02**. The industry does not see the added value of the inclusion of this type of information, as the whole Solvency II information is based on economic value. This requirement will again add to the administrative burden.
- EIOPA has introduced the technical accounts in **S.39.01**. This QRT built up from a solo perspective. However, according to the Directive, this is an annual requirement, and so the two are not aligned. Again, this will result in an increase in the administrative burden.
- **Question put forward by EIOPA – reporting on the effective duration figures:**
 - **Option 1 – Modified duration reported for all undertakings:** Effective duration to be reported only where material optionalities are present in the technical provisions.
 - **Option 2 – Portfolio to be split based on presence of optionalities:** Both modified and effective duration to be reported for all undertakings along with the associate best estimate for each measure.
 - While the industry would prefer **Option 1**, which is the least burdensome, reporting the effective duration on top of the modified 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. In addition, it is unclear what relevant information the effective duration provides in addition to the modified duration for national supervisors. **Against this background, Option 1 is preferred without reporting effective duration.**

4.2 Thresholds

- EIOPA has introduced thresholds which could result in an exemption of submission. However, in practice, the thresholds will not result in a real reduction of the burden for (smaller) insurers, because if the insurer would breach the threshold in one period, this would result in a requirement to submit the data to the NSA/EIOPA. This also implies that the insurer should have at all times a process in place to collect and submit the requested data.
Therefore, the threshold should be valid for a longer period, or a single breach should not directly lead to a requirement to submit.
- Concrete example of the impact of threshold reductions

- If the thresholds do not reduce the work burden, many companies will most likely ignore the introduced/changed threshold and therefore have no use for them. This concerns for example **S.02.02** (90% to 80%), **S.03.01** (rather "complex" threshold), **S.11.01**, **S.18.01**, **S.19.01**, **S.20.01**, **S.21.01**, **S.21.03** and **S.23.03**. In all these cases, the IT systems for most companies already include this reporting.
- While the introduction of additional qualifying criteria and thresholds for a set of QRTs are welcome, these do not (overall) significantly reduce the reporting burden for the group. In particular for the group the new criteria in:
 - S.02.02** reduces the reporting effort by ~22% for this template
 - S.03.01** reduces the reporting effort by ~40% for this template
 - S.11.01** reduces the burden by ~33% for this template
 - S.18.01** does not reduce any reporting effort for this template
 - S.20.01** reduces the burden by ~5% for this template
 - S.21.01** reduces the burden by ~5% for this template
 - S.21.03** reduces the burden by ~5% for this template
 - S.23.03** reduces the burden by ~25% for this template
 - S.24.04** reduces the burden by ~18% for this template
 - S.29.03** and **S.29.04** reduce the burden by ~30% while introducing the new **S.29.05** for ~70% of the group companies

4.3 ITS on public disclosure

- **Article 3a:** EIOPA has introduced the requirement to include both the narrative and the QRTs in a single document (both for the solo and the group SFCR). This could be a burdensome process, as the sources of both parts of the information are different. Furthermore, the industry questions whether this "one document" requirement is useful for the users of the SFCR. EIOPA should abandon this requirement and leave it optional for undertakings to include both the narrative and the QRTs into one single document, or not.
- **Article 3a and the related amendments made to Article 6:** EIOPA requires companies not to change the SFCR location on the website for at least five years. This is a very onerous requirement, as it prohibits the further development of the company's website. In addition, the requirement does not allow for the impact of mergers/acquisitions and restructuring. The requirement should instead be such that the SFCR and QRTs can be easily located on the company website and not be hidden somewhere. These remarks also apply for the group SFCR.