

Insurance Europe feedback on EIOPA call for input on reporting and disclosure Implementing Technical Standard (February 2018)

General comments

Insurance Europe welcomes the opportunity to provide feedback on EIOPA call for input in the area of reporting and disclosure.

Given the short timeline allotted for the submission, and the timing of the call for input which falls in a period where firms are very busy with the reporting processes, our members were only able to provide limited input.

Detailed input

S.03.01 – Collateral pledged

- Although EIOPA has stated a number of times via the Q&A that only off-balance sheet items are to be reported, pledged collateral cannot be anything other than on-balance sheet – otherwise, there would be nothing to report. This is because an entity can only pledge its own (on-balance sheet) assets as collateral; it cannot pledge someone else's assets. So far, firms have tended to disregard this apparently illogical guidance, and have reported on-balance sheet assets where these have been pledged as collateral.

S.04.01 versus S.04.02

- Insurance Europe sees an inconsistency between these two related forms which should be removed: the former includes indirect business, whereas the latter includes only direct business.

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

- As already discussed with EIOPA, the latest amendments by European Commission Implementing Regulations (EU) 2017/2189 do not relieve the burden for undertakings, although that was the goal of EIOPA.

The issue is due to the wording that still requires a look-through for each fund, even for immaterial items as the 90 % threshold only applies to look-through with regard to identification of countries but not for the look through by asset category and currency. Moreover, the new wording lends itself to interpretation by supervisors. Therefore, the wording needs to be corrected to ensure that Look-Through is limited to material items. In addition, Look-through on collective investment undertakings still represents an undue burden for companies with regard to unit-linked funds. Therefore, Insurance Europe reiterates that unit-linked funds should be exempted from the look-through requirement.

S.06.02, S.08.01, S.30.02, S.30.04, S.31.01, S.31.02, S.37.02.

- Reporting of nominated ECAI: As already discussed with EIOPA, the current requirement to choose the nominated ECAI from a closed list according to the ESMA-list, which was introduced by European Commission Implementing Regulations (EU) 2017/2189 cannot be met as undertakings often do not know which company from a rating group issued a specific rating. Moreover, some of these subsidiaries do not always have an LEI code. Therefore, the requirement needs to be limited to the parent company of each rating agency group (ie subsidiary will not be considered).

S.12.02 versus S.17.02

- Insurance Europe sees an inconsistency between these two forms that results in all business being analysed in the former, but only direct business being analysed in the latter. This should be corrected.

S.19.01.01 – Non-life Insurance Claims Information

- In the updated QRT sheet S.19.01.01 as of taxonomy 2.2.0, there are new/ adopted columns inside C0560, C1160 and C1760 which are about discounted RBNS on Gross, RI and net basis. Insurance Europe understands that the discounting of RBNS is not a common actuarial practice and would add another layer of burden to the reporting without providing significant value. The main interest in economic view is on the total BE that is also covering IBNR claims. Moreover, Insurance Europe points out that undiscounted figures are more conservative than discounted ones and as such should be at least allowed as a simplification.

Therefore, Insurance Europe calls on EIOPA to investigate the possibility of reporting undiscounted values.

S.29.02 – Excess of Assets over Liabilities – explained by investments and financial liabilities

- Insurance Europe suggests the inclusion of a validation to S.29.02 C0010/R0060 which should be the sum of cells R0010 to R0050, however taking into account the right sign convention for the amounts reported in these rows.
- Insurance Europe suggests providing guidance in Annex II (and potentially Annex III) to the reporting ITS on the sign of the amounts in column C0010, rows R0010 to R0050, ie absolute amounts versus negative and positive amounts.

Legal Entity Indicators (LEIs)

- It is not clear why EIOPA guidelines require LEIs for all entities in the group, when a perfectly reasonable alternative has been set out in the LOG file for S.32.01.
- It is not clear why firms are asked to provide Issuer name/Issuer group name details, when they also have to provide the corresponding LEIs. We understand that where LEIs do not exist, these fields need to be completed. However, in the vast majority of cases LEIs are present. National regulators could look up issuer name details by themselves, once in possession of the reported LEIs.

Treatment of non-life annuities

- For pure non-life firms, the inclusion of non-life annuities in the scope of various forms results in a lot of work that adds little or no value.
 - We have no objection regarding principal forms such as S.12 and S.16.
 - S.14.01 does not really say much more than already said in S.12.01, given the items in question may be only one product/HRG. There is little value to be gained from S.14.01.
 - S.41.01 (financial stability template) is also of little value, as annuities do not lapse, resulting in a reported lapse rate that is basically zero.