Industry response — Consultation reporting third wave

Review of technical implementation means for the package on Solvency II Supervisory Reporting and Public Disclosure

Industry key messages

- The industry welcomes the proposals regarding the change in the consultation process and publication of the taxonomy. Regarding consultation approach:
  - the idea of running two subsequent taxonomy PWD processes, ie to consult on the technical PWD2 when the outcomes of the business consultation are finalised.
  - the proposed step-by-step approach for the final release of the taxonomy, with first the publication of the taxonomy without validations, and afterwards the publication of the taxonomy with validations.
- Proposed timelines are acceptable, with the exeption that the fixing validations should be published in the beginning of October at the latest, and more time should be allowed for PWD2 feedback. Hotfixes should only be allowed when absolutely necessary, and it would be beneficial to have a timeline formalised in the governance. In addition, a date should be fixed, after which no hotfixes will be published.
- The industry notes that:
  - Deactivating incorrect rules would be considered to be more efficient than relaxing severity of validations.
  - It would be helpful if a column/s was added to the list of validations to document the type and/or the reason for being non-blocking.
  - NSA validations should not be included in the common list of EIOPA validations
  - There is no direct need for translation of taxonomy, it is important that the error messages are well described (currently too coded).
- For public disclosure, the industry prefers option 1, no change. The current reporting package is already burdensome today. If there is to be any public publication in electronc format it should be in excel.
- The industry supports EIOPA's suggestion to request the undertakings provide the direct links to the SFCRs in the regulatory reporting and agrees that the publication of the links to the SFCR on the websites of EIOPA/NCAs would be helpful for finding the reports. However, the industry believes the publication of the XBRL-URL would not be helpful for the public. In addition, the industry does not support creating a repository of actual files.

Questions

1.(a) Are you in favour of the idea of running two subsequent taxonomy PWD processes: PWD1 attached to the business public consultation to facilitate the business review, and later the taxonomy PWD2 when the original business public consultation outcomes (final amendments) are approved? Otherwise could you explain your reasons and/or other improvements regarding these processes?

- **The industry supports the idea of running two subsequent taxonomy PWD processes.** It is advisable to consult on the technical PWD2 when the outcomes of the business consultation are finalised. This allows undertakings to focus on the business changes in PWD1 and the technical amendments in PWD2. In addition, this would enable companies to first evaluate the necessary scope of changes and plan the adequate resource allocation for system wide updates and sharing of knowledge.
- Furthermore, running the business consultation in September-November as proposed gives undertakings the opportunity to analyse the proposed business amendments in detail.

Insurance Europe aisbl
Rue Montoyer 51, B-1000 Brussels
Tel: +32 2 894 30 00 • Fax: +32 2 894 30 01
E-mail : info@insuranceeurope.eu
www.insuranceeurope.eu

- The industry highlights that the technical consultation should not be shortened in time and should not be published later than at present, so that there is enough time to implement changes. Hence, the timeframe should ensure that all parties involved will have enough time to implement/modify their standard processes. It would be welcome if this procedure leads to a harmonisation between functional requirements from the ITS and the technical requirements of the taxonomy/validations and it would be helpful if EIOPA business experts are available for questions and feedback throughout the process.

2.(b) Are you in favour of a step-by-step approach for the taxonomy final release, where the first final version of the taxonomy is published earlier than today but doesn't include the validations, which are added at a later stage? Otherwise please explain your reasons

- **The industry welcomes the proposed step-by-step approach for the final release of the taxonomy**. The approach allows undertakings sufficient time to firstly analyse the newly proposed templates and to analyse the new validations afterwards.
- In the past, there have been situations where changes in taxonomy were leading to changes in validations while that second step was missing. Publishing the taxonomy earlier allows undertakings more time for implementation of the taxonomy update in IT-systems and testing as analysis and consequent potential changes for data in (preliminary) processes and methodologies can be started earlier. The proposed approach allows undertakings to focus on the taxonomy in the first step, thereby gives them more confidence in the stability of the taxonomy in the second step when the validations are implemented. Therefore, the later publication of the validations will probably result in fewer errors in the validations. As stated previously, harmonisation between technical requirements from the ITS and the Q&A vs. technical validations (IT) would be important as well.

3. (c) Have you experienced any issues in the current process with November fixing of non-working validations and do you think that it should be formalised in the governance? If so, please detail the reasons.

- Given the fact that **hotfix implementations are usually expensive and burdensome for the insurance industry, they should only be allowed if they are absolutely necessary**. The industry doubts whether incorrect validations do justify this additional burden. At the same time, the industry expects that EIOPA's new proposals (please refer to the responses to questions a and b) will help improve the quality of new XBRL taxonomies in the future and therefore reduce the need for hotfixes.
- **The industry believes it would be beneficial to formalise a timeline in the governance**. It is essential that non-working validations are fixed well before the deadline of the reporting. If there is no practicable solution, non-working validations should be deactivated immediately in order to not cause any unnecessary problems with the reporting.
- When the Hotfix to correct validations is only published in November, it is very late to go through the aforementioned process, as often the first year-end activities start in December so the "frozen zone" begins. In any case, **a date should be set, after which EIOPA will not publish any hotfixes**, ie a "frozen zone" could be defined. A deactivation of incorrect validations rules on the other hand would still be possible without more ado. Indeed, many providers of the IT-systems used for reporting do not have sufficient time to implement the corrections of the non-working validations and then test the system in case of a November release. An additional difficulty is the fact that software providers do not know in advance the extent of the changes, which makes planning difficult. In addition, it is not optimal that the insurance companies' must make large changes in their IT-systems during December (which is the case with a November release). Due to current process with November fixings, the insurance companies have often not been able to carry out all the tests of new taxonomies and IT-systems for reporting to the extent that is desirable.
- Several undertakings reported issues in relation to the current process. Therefore, it could possibly be helpful to embed hotfix changes in the taxonomy. For example, in the past there were some false validations identified, which had to be fixed or deactivated in Hotfixes by the software provider. Further, some undertakings currently are waiting for the Hotfix and start to implement the validations afterwards

to avoid any unnecessary duplication of effort. This leaves very little time for implementation and undertakings would like to start earlier with the implementation of validation rules. However, it also needs to be kept in mind that even though hotfix releases are only corrections of validations, they are in fact new releases which need to be implemented, tested and approved by IT committees of the undertakings.

- The list of non-working validations and the respective changes were hard to find. It would be helpful if the communication of changes were formalized, eg by mail, or a RSS newsfeed with all relevant changes explained.
- It is highlighted that some validations that do not seem to make sense, in particular regarding derivatives, where some validations check data fields for <>0 but they are 0.
- In practice, for some undertakings, the validations are just the final piece of the technical realization. For example, in some undertakings, both new and updated EIOPA validations are implemented in December (until then the validations of the old taxonomy remain the active set in their reporting system). These companies start looking into validation changes only at a very late stage because of Q3 reporting obligations. In practice, Q4 reporting obligations are a test for the new taxonomy. And in all cases malfunctions in the systems were discovered during the Q4 reporting period, requiring IT update(s) between Q4 reporting and year end reporting. Against this background, issuing taxonomy changes in months with reporting obligations (April, May, August, November) is not helping the industry, because due to time/resource constraints, it is only possible to address these changes after fulfilling the reporting requirements;

4.(d) Do you agree that the same taxonomy governance process shall apply to the Pension Funds reporting and the ECB add-ons requirements?

- **The industry agrees that the same taxonomy process should apply to pension funds, and the ECB add-on requirements**, as this is beneficial for process efficiency.
- In Sweden, some undertakings will in the near future probably belong to a group that both have to do Solvency II reporting and Pension funds reporting. It would be more complex for these undertakings/groups if the taxonomy process is not the same.

5. (e) Do you support the proposed timelines? If you have a strong view please explain it with the reasons

- Current Proposal:
  - 01.10.202x – PWD1 publication and publication of the business consultation on amendments
  - End November202x - PWD1 and business consultation Feedback closes (if 8 weeks)
  - 30.03.202x+1 – PWD2 publication and publication of the outcome of the business consultation
  - 15.04.202x+1 – PWD2 Feedback closes
  - 01.06.202x+1 – Final taxonomy without validations
  - 15.07.202x+1 – Publication of taxonomy validations
  - 01.11.202x+1 – Fixing validations

- **The proposed timelines are acceptable**, with the exeption that **the fixing validations should be published in the beginning of October at the latest, and more time should be allowed for PWD2 feedback**. In addition it should be noted that the PWD 2 feedback period coincides with the Q1 reporting period for undertakings with a 31 December year-end.
  The industry is given two opportunities to provide feedback. And as it is likely that future taxonomies will include more adaptations, because of the Solvency II 2020 Review, having two PWDs would be helpful. Further, it will allow undertakings to have more time for implementation and testing, which would lead to improved reporting. However, it might be hard to manage a consultation on business topics for the closing in the following year, when undertakings are still busy with preparations for the upcoming closing. This might further reduce the number of companies participating in the consultation.

- A positive aspect might be an increase in the quality of the validations, allowing undertakings to start implementation earlier and reducing the need for hotfixes (cf. answer on question c). At the same time, a few questions remain. For example, it is unclear how business changes spotted during PWD2 will be treated, ie whether they will only be introduced in the final taxonomy or whether they will be discussed with stakeholders.

6.(f) Are you in favour of setting a schedule for publication of deactivations? What frequency do you think is most useful (e.g. once a month)?

- The industry believes that **a timetable for deactivation of validations would enable undertakings to consider those dates in their planning**.
- However, EIOPA should **apply, publish and inform stakeholders of ad-hoc deactivations whenever necessary**. The updates can be distributed as usual per RSS feed on EIOPA site.
- In the past, many issues originated from changes in the list of validations for which undertakings were lacking information. However, timely information about deactivated validations is crucial for undertakings. Immediate information when a deactivation becomes known is useful so that possible technical plausibility checks are not made. It would also be helpful if EIOPA could minimise repeating questions on the same problematic assertions as described in para. 32. Therefore, as a way forward, deactivations should be communicated in a clear and structured way by EIOPA. For example, a newsflash could be installed to inform about any changes on the DPM and taxonomy page on EIOPA's website. This might even render a fixed schedule unnecessary. As explained in response to question c it could be very helpful to define a "frozen zone" period for all changes which are not solely deactivations.
- The reporting timeline to meet the supervisory deadline is very tight and having to accommodate non-working validations adds unnecessary frustration.
- In terms of frequency for this regular publication, a quarterly frequency is deemed reasonable, well before the reporting deadlines. The industry highlights that a monthly frequency would likely be too burdensome.

7.(g) Are you against relaxing of severity (from blocking to non-blocking) instead of deactivating validation rules (after publication of the revised list of validations in November)? If so, explain the reasons and/or alternatives

- In general, **it would be preferable if there was a period when no changes apart from deactivations were introduced** (cf. response to question c and f). The industry believes that **deactivating incorrect rules would be more efficient than relaxing severity of validations**, because it is much clearer for the NCAs, insurers and other stakeholders what is meant by deactivation than non-blocking.
- In fact, relaxing severity increases complexity of XBRL reporting, especially if – as proposed in question j – there is a new QRT where non-blocking validations can be justified. There is a risk that too many warnings will appear if the severity of validations is reduced instead of deactivating them. In this case, errors that actually are not errors would be displayed and would have to be documented and explained. In addition, supervisory authorities have a varying approach regarding the non-blocking validations and undertakings often have to explain the "unsatisfied" non-blocking validations to supervisors. And, deactivated validations do not trigger unnecessary feedback loops.
- In practice, some undertakings experienced that NSAs have not implemented non-blocking validations and instead treated them as blocking with the possibility to give exceptions.
- As stated in question f, clear communication is key in order to allow undertakings to adapt to the changes made. It remains unclear how the proposed change should be communicated.

8.(h) Are you against the option of defining the severity of the error based in the reported data? If so, explain why and potential alternative solutions to this problem.

- While the industry acknowledges that the proposed dynamic definition of severity of the error could reduce the total number of validations, it **does not favour the introduction of the proposed dynamic definition of severity of the error**. As it adds another complexity layer on the implementation of these rules in insurers' reporting system (used to collect the necessary key figures and their cross validation) and would result in duplication of rules with certain criteria. The implementation would be burdensome, in particular for smaller undertakings.
- So far, no distinction has been made between basic and ad hoc reports. The proposed dynamic definition would further increase complexity and generate additional work as - since there is a general requirement to fulfil all checks - failed plausibility checks would have to be documented. **As a way forward, validations could be either turned off for an ad-hoc reporting or stay the same as in other cases.**
- In fact, indirectly EIOPA tolerance thresholds already handle severity. As the implemented tolerance threshold already allows, to some extent,for reporting differences (stacking interval arithmetic).
- The proposed dynamic definition of the severity of the error could reduce the total number of validations, which could be beneficial as fewer validations can have a significant impact on systems performance. Therefore, it would be important to know how many validations rules would be omitted.

9.(i) Are you in favour of adding a column/s to the list of validations to document the type and/or the reason for being non-blocking?

- Yes, the industry believes **it would be helpful if a column/s was added to the list of validations to document the type and/or the reason for being non-blocking**. In particular for new validations, which might be blocking in a later period.
- This adaptation will result into a better understanding whether the warning needs further analysis from users' side or it could be the case that it is simply no "fit-to-all" validation and as such does not apply to the specific entity.
- The industry highlights that it is important that insurers are informed upfront of any changes to the status of the validation (eg from non-blocking to blocking).

10.(j) Are you in favour of providing a possibility to indicate within the report an explanation when a non-blocking validation was not fulfilled (in a specific table added to the reporting requirements) by the undertaking? Otherwise, please explain your reasons and alternatives

- On the one hand, introducing new tables would increase complexity as system changes would be required, which would lead to an increase in costs of XBRL reporting. On the other hand the industry notes it could be beneficial if 'a possibility (not a requirement) to indicate within the report an explanation when a non-blocking validation was not fulfilled' was added and an explanation would result in fewer requests by NCAs/EIOPA after the submission. However, various supervisory authorities have also already established their systems for reporting and feedback processing, against this background, reorganization would only incur costs on both parties without added benefit.
- The increase in costs is caused by the fact that a pre-validation of all reporting-data is required in order to identify and analyse the non-blocking-errors. Thereafter, undertakings need to restart the technical process starting with the import of the necessary explanation-data and new calculations and validations to report the new data into the reporting file. In view of this, commenting on each non-blocking check appears disproportionate. Especially if this has to be done quarterly. As stated by EIOPA, there are reasons for not fulfilling every non-blocking check because of eg specific features in the business model (cf. question i).

- The technical implementation is not yet clearly defined, but it would be very helpful if it would not result in new technical developments. If necessary, the information of the additional table integrated could be sent separately and in addition to the XBRL package, for example it could be considered provide explanation via a 'drop-down menu with a limited list'. In this case it seems preferable if non-compliance only has to be commented on at the request of the local authorities and only once when the check was not fulfilled for the first time. As mentioned above, the request itself and the answer of it should not be implemented into the current XBRL-process and should be done standalone via email etc.
- In any case, it needs to be considered that this new requirement generates additional effort in the process of producing the report as described above. This would be especially burdensome if incorrect validations can become non-blocking validations right before submission date (as proposed in question g) as new justification would be needed and therefore the reporting process has to be restarted, which takes precious time in the already very short reporting deadlines. Therefore, and as explained above, if justification is required it should be avoided that this requires a restart of the reporting process and it should be reviewed if this actually reduces the number of requests after the submission.

11.(k) Do you think that EIOPA should keep the interval arithmetic tolerance increasing the tolerance margin or do you think that EIOPA should apply relative error? Please explain why you prefer an approach and the tolerance that should be given to it.

- The appropriate validation tolerance mechanism will depend on the company. And in order to be able to decide on the appropriate approach, some practical examples of how the relative error would work would be useful. Based on these practical examples it should be determined if the benefits of a relative error justify the significant implementation and testing costs which would occur if the method was changed.
- On the one hand, undertakings already have experience in handling mistakes with the current approach based on the interval arithmetic tolerance, implementing the arithmetic logic in reporting systems already required substantial efforts from companies. Therefore, it could be a possibility to keep the current approach, with an increase in the tolerance margin, especially as switching to relative error tolerances will mainly cause new implementation and testing costs. Increasing the tolerance margin would reduce the burden on reporting firms without having a material impact on accuracy.
- On the other hand, the industry recognizes the benefit from relative tolerances. While an arithmetic tolerance approach already allows for some tolerances, it does not take into account differences in magnitude of what is reported, exchange rates, the size of the undertakings, etc.. And as such it leads to errors which, in financial terms, are not material. Often data were rejected or validations have raised errors because of small differences in positions after the decimal point. For example, group quarterly reporting QRTs could not be submitted because of a difference between two templates of less than one Euro, further also exchange rates are not taken into account, eg a tolerance of +/- 500 EUR cannot be compared with the tolerance of +/- 500 HUF. This leads to unjustified rejections, many manual adjustments in short time and it costs time, effort and money.
  A relative error estimation, could be appropriate for monetary checks. It could for example depend on the number of assets. Another benefit would be that auditors often work with relative checks because they take the size of a company into account.

12.(l) Do you agree that EIOPA should review/incorporate in the EIOPA common list of validations the NCAs national validations which are applied to the EIOPA taxonomy common package (i.e. the ones which does not involve specific national extension items)?

- **It would lead to a lot of confusion and burden if NCAs national validations would be included in the common list of validations, in fact, local NCAs should not be able to impose local validations on what is supposed to be a harmonised package.**

- **Alternatively** in order to achieve further harmonization, **it could be considered** that EIOPA could **provide** a **uniform list of validations without separate validations by national supervisors**. NCAs should not be allowed to add/amend validations or filing rules outside the change process led by EIOPA and validations should be fully consistent. These validation rules should be the only ones that apply (no national validations) leading to full harmonisation of the validations.

- If NCAs national validations were incorporatedin the EIOPA common list of validations as proposed, this could also lead to a serious enlargement of the list of validations. And even if the additional validations were not applicable, undertakings would still have to deal with this amendment which would require new implementation and testing and thereby cause additional effort.
- Furthermore, the risk exists that an insurance company might end up implementing a validation that was meant for another market.
- For internationally operating groups that are running the reporting for all their European companies centrally it is very difficult - if at all possible - to obtain a uniform validation syntax for the relevant validations to check them already while collecting and preparing the key figures. In this case it might be helpful to incorporate NCAs national validations in the EIOPA common list of validations, these validations should be non-blocking and only be activated for the respective region. This classification has to be done in the taxonomy. Further, redundancies should be avoided in EIOPA's set of validations. In this way system providers could integrate them into the reporting systems. It is important to highlight that the aforementioned concerns in response to this question remain valid.

13.(m) Do you make use of the DPM database? If yes for what purposes?

- **Yes, the DPM database is used**, for example to detect the cause of errors, for XBRL mapping purposes, to extract DPM-definition from the DPM-database as extracting the necessary data from the xbrl-taxonomy is very complicated. For some users, a machine-readable listing (eg: QRT designation with RC code) or database, which would establish a reference from DPM Dictionary to Annotated Templates, would be better than the current DPM dictionary and could be better utilised.
- Further, the DPM database is very useful when developing new software solutions and detecting errors. The industry believes that the DPM database is a good fundament to transform data from the insurers' internal systems and map the data to the specific taxonomy codes used for supervisory reporting.

14.(n) Do you think an improvement of the DPM database, in particular to manage/map better the datapoint ID and the datapoint versioning across taxonomy releases and to be able to have/publish more than one taxonomy version within the same DPM database (including the form of delta) would be beneficial?

- **The industry believes this would be beneficial.** In a sensibly structured data listing it is possible to manage and map the data points over years and thus simplify further processing. A better linking of Annotated Template and DPM would be desirable (RC code in DPM), see also response to question m. For example, it is still relevant to update the DPM database in order to facilitate the development of the new software for reporting and to make it easier to perform error detection.
- It should be noted that some insurers extensively use the DPM Dictionary and Annotated Templates Package. There are groups which developed an internal reporting system used groupwide for data collection, processing and reporting. In order to ensure full compliance with the taxonomy rules as specified by EIOPA they use the DPM Dictionary & Templates to properly implement master data, QRT structure and selection options. These undertakings are satisfied with the current release form of the DPM package (one file per taxonomy with a separate change log and additionally colour coded change highlighting within the DPM database).

15.(o) How important/beneficial you consider that it would be to have the taxonomy translated? In particular consider measuring aspects related with implementation costs and the data quality.

- **The industry believes the translation of the taxonomy is of subordinate importance and not necessary, considering the implementation costs and the increased risk for data quality issues.** EIOPA should focus on the English version and improve the explanations for the different elements in the taxonomy.
- At the same time it is highlighted that officially and centrally distributed localizations of the annotated templates and DPM dictionary would help with the generation of the public disclosure QRT set, as these need to be in the local languages. Currently all of the data collection is happening centrally in English (both templates & selection options) and then exported into localized templates (where templates localization was a manual effort). Afterwards the local companies have to additionally translate all of the DPM objects into their local language. A common repository would enable to do so centrally and automatically which cuts human effort and leaves less room for errors and misinterpretation.
- The industry highlights that it is important for error messages to be well described, in understandable English, in this case no translation would be required. At the moment however, many of the error messages are very "coded", and thus not immediately understandable. In general, if translated, some linguistic misunderstandings can be avoided, but whether the gain is the goal of the expense / effort is unknown.
- The industry believes it would be useful if the log files were integrated in the Annotated Templates to allow faster assessment and integration of new data requirements.

16.(p) Which of the options do you consider more adequate for the review of the technical means of the Public Disclosure package? Please explain your reasons and provide information on expected costs when possible.

- Generally, from the information given in the consultation package it is hardly possible to come to a conclusion as to which option is most adequate.
- **The industry prefers option 1, no change.** The current reporting package is already burdensome today and, therefore, all options that will imply more reporting on top of the current reporting should be avoided
- The industry believes that a publication of SFCR-QRTs in XBRL would not help to improve market transparency for the following reasons:
  - Publishing SFCR QRTs in XBRL format, in addition to publishing them as is done now, creates additional work with no additional benefit.
  - A special XBRL software is needed for reading and processing XBRL files;
  - The reader will have a difficult challenge trying to convert the XBRL files into something comprehensible, and ususally private household and market researchers generally do not have access to this software;
  - They also usually do not have the necessary know-how of the special reporting language XBRL;
  - Creating new, additional XBRL files means additional expenditures for the insurance industry without any significant positive effects.
  - A taxonomy would aid submission to a third party, but not publication in an external publicly available document.
- **Alternatively, publication of SFCR-QRTs in Excel** (in addition to pdf) **could be considered** for the following reasons:
  - Every undertaking can publish the QRTs in Excel without any additional expenses;
  - Every person can easily read and process the SFCR-QRTs in Excel for market research purposes without any additional software or know-how needed.

  Such a requirement can easily be included in EIOPA's guidelines. To have it available also in Excel is believed to be sufficient to handle the two main drawbacks of the current situation according to EIOPA (in paragraph 57). However, as those files would be publicly available, Excel might not be secure enough. In any case, in order to be able to come to a conclusion as to which format is most suitable,

more information on different aspects is necessary. While security is one of those aspects, other aspects to be considered are for example cost of implementation and user-friendliness for the public.

- **Option 2:** The industry does not support Option 2 – publishing SFCR QRTs in XBRL format would create additional work for no additional benefit. While the industry cleary prefers option 1, it can be noted that attaching flat or image exports of the QRTs, as is currently the case, does not benefit any stakeholders. As graphical representation and format differs across companies and in addition, companies have to translate the information into local languages.
  Therefore, a predefined separate, language independent format for public disclosure QRTs would address this, in case this would mean that a flat "table image" no longer has to be attached to the pdf report.
- It should be clarified that EIOPA proposes in options 2-4 for insurers to publish "the public set of QRTs" required for the SFCR . The **industry strongly disagrees with any requirement to publish additional information** as the information currently published is already very comprehensive.
- The **industry strongly disagrees with options 3-5**, as the cost-value ratio could be inappropriate. It would require major financial investments into new technological solutions, and the already established SFCR preparation process needs to be reworked. Further these options entail an implementation cost on both human and technical infrastructure level.
  - **Option 3** is rejected, because this option simply increases the reporting burden without any added value to the process. The proposed key message narrative part in the QRTs will already be included in the summary of the SFCR report. In addition, clarification is needed before being able to make an estimation of the costs of this option.
  - **Option 4** is rejected because this option simply increases the reporting burden. Completely changing the format/ structure of the SFCR report without any changes in the content and as such it will not add any value to the process.
  - **Option 5,** requiring a machine-readable format is rejected, because it is far too elaborate and the investment of changing the whole reporting process will be very significant. The immense effort is disproportionate to the expected benefit as currently, there is very little interest in SFCRs. Public interest is not expected to increase significantly following a change of the format.
    For a valid estimation on expected costs, further information is necessary. Due to the expected big effort of implementing option 5, this would also require a long transition period. Further, it is questionable if a machine-readable format creates substantial added value for policyholders.
- In order to increase user-friendliness and avoid SFCRs in the form of printed images as mentioned in para. 57, it could be clarified that the reports need to be searchable and should not be copy-protected.

17.(q) In regards the two complementary options to ensure the availability and accessibility of the information of the public disclosure package. Do you foresee particular technical difficulties with them? Please provide your views of the problems and/or other options to be considered.

- In the last years there was only very little public interest in SFCRs. In our view, this is mainly due to the lack of awareness of SFCRs.
- **The industry agrees that a publication of an URL to the SFCR in the websites of EIOPA or NCAs would be helpful for finding the reports**, and it could also promote awareness of the SFCRs. However, as explained in response to question p, the industry believes the publication in XBRL is not helpful for the public.
- The industry also **agrees that an additional repository for SFCR reports in the NCA website would improve the market transparency**.
  However, as undertakings are responsible for the content of the SFCRs, the industry is of the opinion that **SFCRs should only be available on the company's website**. As such, a link on NCAs / EIOPAs website would be sufficient to ensure availability and accessibility. If a link is provided, the linkage to the individual reports shall be set up to directly open the document as there could be difficulties if an intermediate page is installed. Regarding a possible evaluation of data from different companies, this

should be limited to quantitative data as the information disclosed on qualitative data partly are highly individual and risk-oriented and thereby cannot be compared by machine without more ado.

- Regarding option 1, ie undertakings report URLs to a list, is probably more practicable. However, it is unclear in the consultation how the NCAs should be informed about the direct URLs.

Further comments

18.(z) If you have further comments please include them here, indicating the number of paragraph that are referring to.

Paragraph 17:

- Often, findings from the Q&A process are taken into account in amending the business requirements. To fulfil reporting requirements correctly and to prepare for possible business changes, undertakings are using the Q&A documents provided via EIOPA's website. Unfortunately, the new section "Q&A on regulation" on the new EIOPA website is not user friendly as it is very difficult to find specific Q&As. Therefore, the industry welcomes EIOPA's introduction of the possibility to download the 'EIOPA Q&A Archive', which undertakings can used internally. However, this file seems to be a basic version of the former Q&A documents and could be improved. To further increase user friendliness of this archive, it would also be very helpful if an additional column was introduced stating whether the answer is still to be applied into the SII reporting process or for instance has been changed in comparison to the previous taxonomy version.
- In addition, it would be helpful if Q&A responses were reflected in the respective logfiles, and if there would be a summary of all relevant information per QRT.

Paragraph 20

- Changes to previous versions (eg list of validation; log files etc.) should be highlighted, as undertakings spend a lot of time comparing for example PWD and final taxonomy to identify the differences.

Paragraph 26/31

- It would be helpful if a newsflash/newsletter or a similar type of warning was introduced to communicate PWDs, final taxonomy, changes on validations and other important information about the taxonomy.…

Paragraph 28

- The industry welcomes the proposal to eliminate the corrective release.

Paragraph 30:

- Validations are often drafted rather complicated, ie it is not sufficiently clear what is actually checked. This applies to numerous templates; an example is given below. It would be very helpful if validations were drafted more clearly to avoid misinterpretations and to reduce the effort for undertakings.

  Example: TV44: If{S.30.04,c0100}<>emptyths{S.30.04,c0220}<>empty
  Compared to the column heading, the test is: If Reinsurer's share (%) <> empty, then the country of domicile <> should be empty.
  Only after checking the error message in the Excel file for the validation rules does it become clear what is actually to be checked: There is at least one reinsurer for program reported in Table 1 of S.30.04

that is not reported in Table 2 of S.30.04. In addition, the two columns contain different data types: C0100 > percentage, C0220 > selection field (text).

To enhance clarity, the validation rule could be drafted as follows: If{S.30.04,c0010}<>emptyths{S.30.04,c0180}<>empty. Here, the code of the reinsurance program would now be compared in the two parts of the table of S.30.04.

- An overview of the removed/added/changed selection options using QRT designation AND RC code would be desirable. Further, there are selection fields that occur in several QRTs and contain the same topic, but with different specifications. To enhance clarity, this should at least be standardised. A revision of the sources (Business Validation, DPM Dictionary and Annotated Templates) with the aim of processing them annually by means of mass data processing (SQL, SSIS, ...) according to the same logic and to be able to continue using them would be even better. In any case, disintegration of the ITS and the taxonomy needs to be avoided.

Paragraph 57

- Some SFCRs are published as pdf in the form of scanned image. In order to promote accessibility of the public disclose data, it could be clarified that the text of the SFCR should be searchable, and that the file should not be copy-protected.