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XBRL Europe day – Update of Solvency II and its Pillar 3 in Europe

November 25, 2014
Brussels

- o Entry in force on the 1st of January 2016
 - Day 1 reporting (April/May 2016)
 - First quarterly regular reporting (May/July 2016)
 - First annual regular reporting (May/June 2017)

- o A preparatory phase
 - Smaller (subset) reports compared to the full SII
 - One annual report on end 2014 basis (+20/26 weeks)
 - And one quarterly report on end Q3 2015 basis (+8/14 weeks)

- o Two supporting taxonomies
 - Preparatory phase (almost stable)
 - Final Solvency II (will stabilize over the next few months)

The time dimension – ITSs and EIOPA guidelines



	2014				2015			
	Jan-March	April- June	July Sept	Oct-Dec	Jan-March	April- June	July-Sept	Oct-Dec
ITS set 1 : "approval processes"	24.2 prepare for BOS for adoption for consultation at BOS end March	April - June: Consultation		31.10. submission to COM				
ITS set 2: "other"				3.10 prepare for BOS for adoption for consultation	Dec.-Feb.: Consultation	30.6. submission to COM		
GL set 1 (Approval processes + Pillar 1, including internal models)		1.4. prepare for BOS adoption for consultation	June - Sept.: Consultation	BOS approval end Nov.		1.4 end comply-explain process		
GL set 2 (Pillar 2, Pillar 3 and Supervisory issues)				3.10 prepare for BOS adoption for consultation	Dec.- March: Consultation	BOS approval end May 30.6. submission to COM	30.9 end comply-explain process	



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Inclusion of ECB add-on into SII taxonomy

The ECB is finalising its new regulation on IC statistics



The ECB Regulation on insurance corporations will at first cover **solo balance sheet** requirements (incl. security-by-sec reporting for holdings)

- The **insurance corporation** (head-office, subsidiary) is treated as **“stand-alone” entity** and its balance sheet is included in the country data where the entity is legally incorporated



Data to be collected:

- Detailed quarterly information on **assets & liabilities, stocks and flows: maturity breakdowns** (original/remaining maturity); **counterpart areas/countries, counterpart sectors**
- Annual information on **premiums written and claims incurred**

Requirements aligned so far as possible with Solvency II (e.g. coverage, timeliness, first reporting)

Integrated Taxonomy agreed in High Level Meeting between EIOPA and ECB in June 2014



**HIGH LEVEL MEETING
BETWEEN THE ECB (DG-STATISTICS) AND EIOPA**

23 June 2014;

1. **Introduction**
Aurel and Gabriel welcome the ho

2. **EIOPA and ECB 'Vision Pa**
(i) Discussion on the 'Vision
Issues for discussion:
- aim & structure of the paper (vis
be included in an annex, which co
The paper itself should remain sh
Scope and Timing) are better plac
its content flexible, also for review

3. **XBRL reporting and ECB 'add-ons'** (15 mn)
(i) The ECB will inform EIOPA on the work developed by the ECB with the cooperation of EIOPA to include ECB statistical requirements (e.g. ECB 'add-ons') within EIOPA XBRL taxonomy
Discussion will be on when the "ECB add-ons" needs to be finalised; EIOPA will investigate how to integrate ECB statistical requirements without developing any additional ECB XBRL taxonomy, taking into consideration that there could be few additions from ECB side → moving towards an integration of ECB 'add-ons' within EIOPA XBRL taxonomy.
The approach where ECB requirements will be integrated into the XBRL taxonomy developed by EIOPA for Solvency II reporting was supported especially as it appears that the amount of ECB add-ons will be rather limited. Its governance will be also with the semi-annual meetings (or via written procedure) – so as to design and apply the procedure for changes.
The "shared" XBRL taxonomy is intended for publication by year-end.

4. **ECB regulation on insurance corporations and Solvency II** (10 mn)
(i) EIOPA prospects for implementing Technical Standards/Quantitative Reporting Templates
The ECB will be interested to know latest development on the Solvency II Implementing Technical Standards and Quantitative Reporting Templates. In particular, what will be reported by insurance corporations and by when on 'day 1' of Solvency II reporting.
Work is still ongoing to prepare a Commission regulation enforcing the Implementing Technical Standards (planned for publication in 2015 Q1). In parallel, a consultation will be launched by EIOPA in December 2014, and the official publication is planned for 2015 Q2. However, from now on changes to the content of the Solvency II reporting templates are expected to be minor (except those on assessing the credit quality of assets).
For 'Day 1' reporting, this will be ad hoc and based on Solvency I concepts. This is not helpful. The preparatory reporting on 2015 Q3 data is less expected to deliver data of quality and more geared towards assessing the state of preparedness of the data processing by all institutions concerned.
(ii) ECB progress and planning towards ECB regulation on insurance statistics including timetable and coverage
The ECB will update EIOPA on the latest developments on the ECB regulation including expected timetable and coverage. For the latter, under the current Solvency II templates, a minimum of 80% have to report the asset-by-asset template and the remaining 20% have to report some basic asset totals. The ECB requests for its statistics a higher coverage (85%) than in Solvency II and this

“The approach where ECB requirements will be integrated into the XBRL taxonomy developed by EIOPA for Solvency II reporting was supported “

High level comparison of reporting requirements (1/3)



	Solvency II	ECB reporting	Resulting need for "Add-On"
Objective	<ul style="list-style-type: none"> Prudential supervision on individual institutions' risk positions 	<ul style="list-style-type: none"> Creation of monetary statistics (e.g. for macro-economic analysis) 	–
Valuation	<ul style="list-style-type: none"> Sol2, fair value, etc. 	<ul style="list-style-type: none"> Nominal, outstanding, fair value, etc. 	<ul style="list-style-type: none"> Nominal values for deposits and loans
Time perspective	<ul style="list-style-type: none"> Maturity date, duration 	<ul style="list-style-type: none"> Original maturity 	<ul style="list-style-type: none"> Issue date of debts securities and loans Maturity date for "other deposits"
Treatment of branches	<ul style="list-style-type: none"> Home approach (i.e., data on domestic IC includes branches abroad) 	<ul style="list-style-type: none"> Host approach (i.e., data on domestic IC excludes branches abroad) 	–

High level comparison of reporting requirements (2/3)



	Solvency II	ECB reporting	Resulting need for "Add-On"
Instrument classification	<ul style="list-style-type: none"> • General, CIC 	<ul style="list-style-type: none"> • ESA 2010 	<ul style="list-style-type: none"> • -
Sectoral classification	<ul style="list-style-type: none"> • NACE 	<ul style="list-style-type: none"> • ESA 2010 	<ul style="list-style-type: none"> • Counterparty sector classification
Other	<ul style="list-style-type: none"> • Issuer country for investment funds: fund manager • No line-by-line reporting on deposits to cedants • No reporting on write-offs of loans 	<ul style="list-style-type: none"> • Issuer country for investment funds: actual issuer (investment fund) • Counterparty area required for deposits to cedants • Write-offs of loans required if loans >10% of assets • More detailed splits of certain liability classes 	<ul style="list-style-type: none"> • Residency of issuers for investment fund shares • Counterparty area breakdown of deposits to cedants • Write offs/write-downs on loans • Specific splits for liabilities

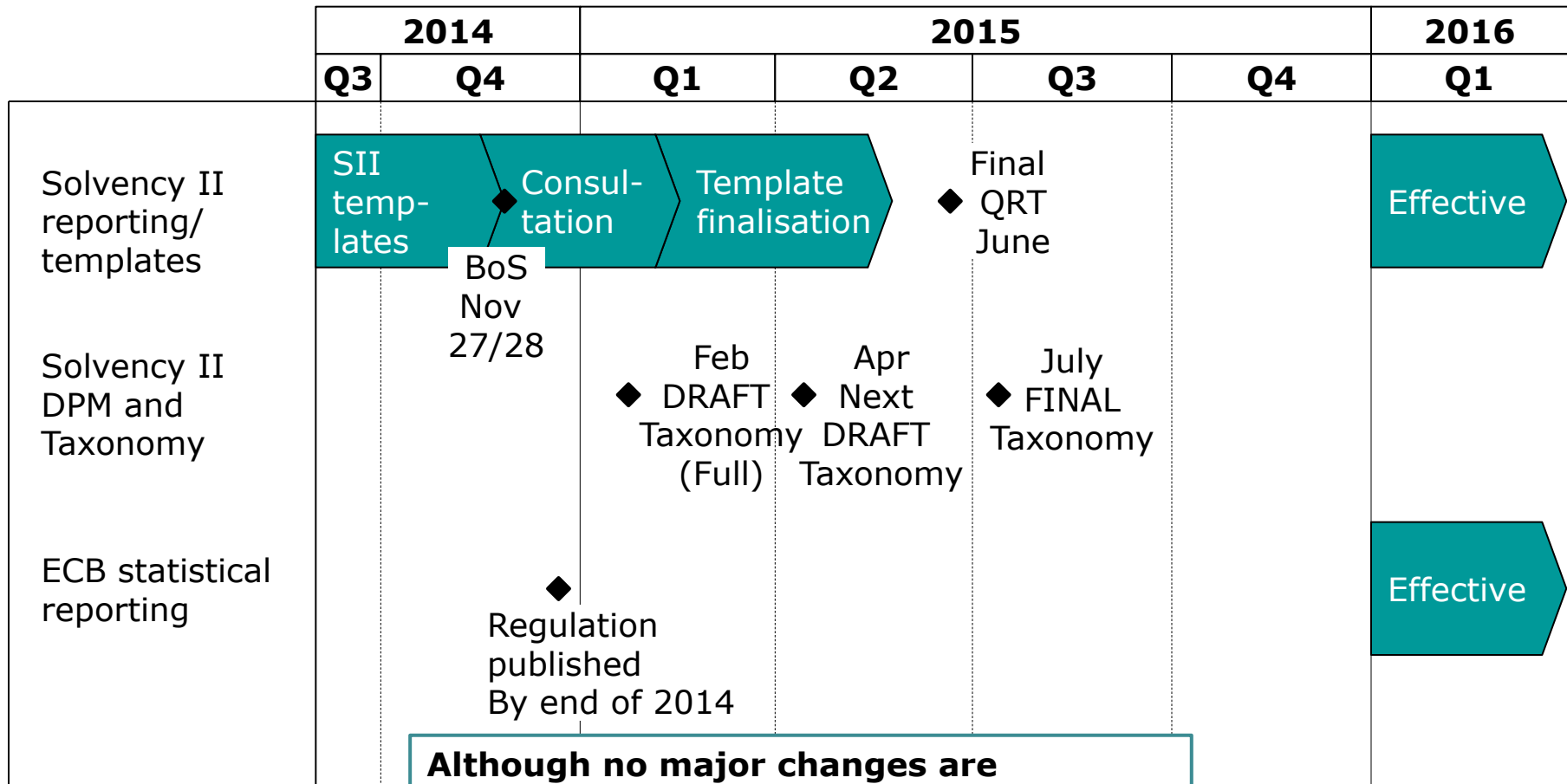
High level comparison of reporting requirements (3/3)



	Solvency II	ECB reporting	Resulting need for "Add-On"
Scope	<ul style="list-style-type: none"> Solo and Group European Union NCA's might require a reduced set of information from Undertakings not contributing to the <ul style="list-style-type: none"> Top 80% of domestic market share for quarterly reporting 	<ul style="list-style-type: none"> Solo Mandatory for Euro-countries Optional for other member States NCA's might require a reduced set of information from Undertakings not contributing to the <ul style="list-style-type: none"> Top 80% of domestic market share for quarterly reporting Top 95% of domestic market share for annual reporting 	-
Timeliness	<ul style="list-style-type: none"> Quarterly data 8 weeks after end of quarter in 2016 decreasing to 5 weeks in 2019 Annual data 20 weeks after the Undertaking's financial year end for 2016, decreasing to 14 weeks for 2019 	<ul style="list-style-type: none"> Quarterly data 8 weeks after end of quarter in 2016 decreasing to 5 weeks in 2019 Annual data 20 weeks after year end for 2016, decreasing to 14 weeks for 2019 	-

Different financial year not a significant issue for countries in scope for ECB reporting

Tentative Timelines for finalising reporting templates and taxonomy



Although no major changes are expected, SII templates are not yet final

ECB Add-Ons will be incorporated in the Solvency II DPM/Taxonomy



Reporting area	Description	Solution
Collection process	<ul style="list-style-type: none"> • Process for collecting reports from Insurance Corporations (ICs) and providing data for analysis 	<ul style="list-style-type: none"> • L2 (NSA/NCB to EIOPA/ECB): Parallel data flows (SII and ECB) • L1 (IC to NSA/NCB): Up to national discretion
Reporting requirements	<ul style="list-style-type: none"> • Official reporting templates • Reporting rules and definitions 	<ul style="list-style-type: none"> • Official SII reporting requirements not affected • “Integrated” templates will be created based on SII templates for communication purposes
Data Point model and AT	<ul style="list-style-type: none"> • Set of reporting dimensions and hierarchies (Metadata model) • Annotated templates (AT) 	<ul style="list-style-type: none"> • Single DPM (including additional domain members, dimensions, hierarchies, etc.)
Taxonomy	<ul style="list-style-type: none"> • Machine-readable description of data model schema incl. validation rules in XBRL 	<ul style="list-style-type: none"> • Single taxonomy (shared XBRL schemas and linkbases)

ECB Add-On will enable a single reporting by Undertakings on L1 based on national discretion, but will not impose it



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Thank you

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