

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

Name of Company:	CFO Forum / CRO Forum	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to cp009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to this Consultation Paper.</p>		
Reference	Comment	
General Comment	<p>In general we disagree with the reporting of any additional information which is not required by the Solvency II Directive or the Level 2 text. In our view, the proposed information requirements are much wider. The requirements should be reduced to be in line with this overarching principle.</p> <p>Further, the narrative reporting guidelines are not structured in a clear manner. There is often no clear guidance as to which information has to be shown in the solo reporting and which has to be shown in the group reporting.</p>	

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

	We also note that the guidelines have included some of the matters already included in the QRTs and we therefore see no benefit of repeating the information in the qualitative reports.	
3.1.		
3.2.		
3.3.		
3.4.	The definition of participating insurance undertaking describes an undertaking which has subsidiaries. We propose that this should clearly exclude subsidiaries within a wider group that themselves own other subsidiaries.	
3.5.		
3.6.		
3.7.		
3.8.	How is 'underwriting performance' defined in the context of a life assurance business ?	
3.9.		
3.10.		
3.11.		
3.12.		
3.13.		
3.14.		
3.15.		
3.16.	The differentiation in subparagraph (e) is not covered by the implementing measures. There is a valuation hierarchy defined in Art. 7 IM and it is also defined that this hierarchy is consistent with IFRS.	

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

3.17.		
3.18.		
3.19.		
3.20.		
3.21.		
3.22.		
3.23.	The subparagraph (b) in guideline 14 is not useful. Art. 12 and 13 of the implementing measures give clear guidance on the recognition of contract boundaries. As a result, there exists no further explanation, and we can't imagine what additional information we should. Please delete this subparagraph.	
3.24.	We would prefer to see discussions about simplifications in the RSR rather than the SFCR, due to their technical and detailed nature.	
3.25.		
3.26.		
3.27.		
3.28.		
3.29.		
3.30.	<p>Article 296 SRS3 3a (Draft Implementing Measures, Solvency II, 31 October 2011) requires information which overlaps much of that required by Article 284 PDS3 3a.</p> <p>This information should only be relevant in the narrative reporting for ratios which are not included in the QRTs for own funds, in order to avoid double reporting.</p>	

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

3.31.	<p>The information of guideline 22 a, b, c, e, g, j is shown in the QRTS for own funds. Please delete this requirement from the narrative reporting guidelines, in order to avoid double reporting.</p> <p>The information of guideline 22 d should be deleted. For subordinated debt the requirements for financial liabilities are sufficient. Additional reporting of risk driver effects for subordinated debt should not be required.</p> <p>The information of guideline 22 f should be deleted. The reconciliation reserve is a residual amount. Because of that, a breakdown of its derivation should not be required. This is not covered by any requirement of level 1 or level 2 texts.</p>	
3.32.	<p>The information of guideline 23 a, j is shown in the QRTS of own funds. No double reporting should be the result. Please delete this requirement from the narrative reporting guidelines.</p>	
3.33.	<p>Article 288 PDS7 2g (Draft Implementing Measures, Solvency II, 31 October 2011) requires us to disclose inputs to the MCR in the SFCR. However these inputs are also to be stated in template MCR-B4A of the QRT, so why do we have to restate them in the SFCR ? One statement would suffice.</p>	
3.34.	<p>We understand that this guideline is only optional. As with the design of an internal model and the standard formula a standardized comparison will not be possible in most cases, especially a comparison of quantitative information will not be meaningful in most cases. We understand that the certification process will address any questions related to internal models and provide the supervisor with ample opportunity to understand the internal model and its rational. Given the formal model change process and the ORSA the supervisor is already informed on the ongoing appropriateness of the internal model. Thus no further reporting needs to be imposed on undertakings.</p> <p>If further reporting were required, why include these differences in the SFCR when the effect is on</p>	

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

	results is in the RSR? We propose that is it only in the RSR.	
3.35.	Article 297 SRS4 1a (Draft Implementing Measures, Solvency II, 31 October 2011) and Article 297 SRS4 1b require information which is also required by Article 285 PDS4 1a.	
3.36.	Article 297 SRS4 2b (Draft Implementing Measures, Solvency II, 31 October 2011) requires information which is also required by Article 285 PDS4 2b. Article 297 SRS4 4a (Draft Implementing Measures, Solvency II, 31 October 2011) requires information much which is also required by Article 285 PDS4 4a.	
3.37.		
3.38.		
3.39.	Article 287 PDS6 2d (Draft Implementing Measures, Solvency II, 31 October 2011) requires disclosure about the use of transitional provisions referred to in Article IR8. As the option to use transitional provisions is no longer available, the related disclosure is now redundant and so should not be requested. Article 299 SRS6 3 (Draft Implementing Measures, Solvency II, 31 October 2011) requires disclosure of information 'on the areas set out in Article 254 (1) [x2 IM3]'. Article 254 (1) [x2 IM3] itself requires disclosure of items, so this is deliberate duplication; we cannot see why it is required.	
3.40.	We assume that the explanation is only relevant for material/significant transactions/operations, which are reported in the QRT sheets. Additionally we assume, that no double reporting will be required, therefore the quantitative amounts will be shown in the QRTs.	
3.41.	We assume that the explanation is only relevant fur material/significant transactions/operations, which are reported in the QRT sheets. Additionally we assume, that no double reporting will be	

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

	required, therefore the quantitative amounts will be shown in the QRTs.	
3.42.		
3.43.		
3.44.		
3.45.		
3.46.	<p>The requirements of Article 298 SRS5 5a and 5b (Draft Implementing Measures, Solvency II, 31 October 2011) to disclose in the RSR details of stress tests and scenario analyses seem to be repeating the requirements of Article 286 PDS5 5 for the SFCR. If the requirements actually differ, please explain this. Otherwise it would help to remove the need to provide the same information twice.</p> <p>Article 286 PDS5 4bis (Draft Implementing Measures, Solvency II, 31 October 2011) requires a disclosure in the SFCR of the total amount of expected profit included in future premiums. This information is also required by Article 298 SRS5 4bis for the RSR. We recognise the need to disclose this to the Regulator, but consider that this information is commercially sensitive and a poor reflection of the risks which we assume when taking on long-term business. We would like to see the disclosure confined to the RSR.</p> <p>Article 298 SRS5 2° (Draft Implementing Measures, Solvency II, 31 October 2011) requires disclosure of a complete list of assets in the RSR. This could be an enormous list. The QRT D1 requires us to list the assets so it seems unnecessary to have to repeat the list in the RSR. Will it be acceptable to include instead in the RSR a summary of the position by providing a list of assets by category or type ? This could still be accompanied by a description of how the prudent person principle works for each category or type of asset.</p>	
3.47.	The draft guidance suggests that details of risk concentration must be provided at group level. This is consistent with the definition of risk concentration in CEIOPS-DOC-53/09, 'Supervision of Risk Concentration and Intra-Group Transactions' (for example in section 3.23). However Article	

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

	286 PDS5 3 and Article 298 SRS5 3, (both in Draft Implementing Measures, Solvency II, 31 October 2011) seem to require disclosure of details of risk concentration at the level of a subsidiary within a group. Judging from the definition of risk concentration, it seems that concentration risk is more likely to apply to these subsidiaries. We would like to see some clarification here as to what is required for an undertaking below group level.	
3.48.		
3.49.		
3.50.	<p>The subparagraph (b) in guideline 14 is not useful. Art. 12 and 13 of the implementing measures give clear guidance on the recognition of contract boundaries. As a result, there exists no further explanation, and we can't imagine what additional information we should. Please delete this subparagraph.</p> <p>The subparagraph (j) is in our understanding totally useless, because there exists no definition in Solvency II for 'unbundling'.</p> <p>The subparagraph (l) is according to our understanding not necessary because the reinsurance recoverable has to be calculated consistent to the principles and methods relating to insurance liabilities. There exists no separate guidance for the asset side.</p>	
3.51.		
3.52.		
3.54.		
3.55.		
3.56.		
3.57.		
3.58.		
3.59.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

3.60.		
3.61.		
3.62.		
3.63.		
3.64.		
3.65.		
4.1.		
4.2.		
4.3.		
4.4.		
4.5.		
4.6.		
4.7.		
4.8.		
4.9.		
4.10.		
4.11.		
4.12.		
4.13.		
4.14.		
4.15.		
4.16.		
4.17.		
4.18.		
4.19.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

4.20.		
4.21.		
4.22.		
4.23.		
4.24.	The last point does not make sense in our opinion. For the recognition of intangible assets, there has to be an active market. It is not relevant which historical event has put these assets on the balance sheet.	
4.25.	We disagree with the requirement to also report intangible assets valued at nil. These assets are not recognised in SII (except the goodwill which is recognised but valued at nil). Therefore no reporting is prepared and the valuation of these assets isn't possible. Please delete this requirement.	
4.26.	The fair value hierarchy of IFRS 7 deviates from the described requirements in this guideline. Therefore we would prefer to be consistent to IFRS, therefore there will be no difference between 'quoted prices in active markets for similar assets' and 'inputs other than quoted prices in active markets for identical or similar assets, that are observable for the asset directly (i.e. as prices) or indirectly (i.e. derived from prices)'.	
4.27.	This requirement is not possible. Non-observable input parameters are only used if market input parameters do not exist. Therefore it is not possible to calculate the interdependencies between these parameters.	
4.28.		
4.29.		
4.30.		
4.31.		
4.32.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

4.33.		
4.34.		
4.35.		
4.36.	The calculation of deferred taxes is defined by using the requirements according to IAS 12. The reference/comparison to the accounting financial statements should be deleted. This is not covered by the implementing measures.	
4.37.		
4.38.		
4.39.		
4.40.	<p>Please delete this requirement because of the following issues :</p> <ul style="list-style-type: none"> - The changes in claims pattern are shown in a discounted view in the variation analyses QRT. - The new material claims over the year and those claims settled during the year are not important information for the supervisor. The interesting information in this case is the experience variance, which is also shown in the variation analyses QRT. - The increase of new business is also shown in the variation analyses QRT by comparing the previous and the current Variation Analyses QRT. <p>No double reporting should be the result.</p>	
4.41.		
4.42.	We assume that this requirement is only relevant if there exists different methods between the Solvency II values (generally excluding own credit spread) and the financial statement values. If the financial statement values do not consider the own credit spread effects too, we don't have to calculate the own credit spread effect on an artificial basis.	
4.43.		
4.44.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

4.45.		
4.46.		
4.47.		
4.48.		
4.49.		
4.50.	Please delete this requirement. A separation of plan assets and pension obligation is not usual and is not covered by the implementing measures. The employee benefits should have been disclosed only on a net basis. These requirements also exceed the disclosure requirements in IAS.	
4.51.		
4.52.	Please delete this requirement. A separation of plan assets and pension obligation is not usual and is not covered by the implementing measures. The employee benefits should have been disclosed only on a net basis. These requirements also exceed the disclosure requirements in IAS.	
4.53.	Please delete this requirement. A separation of plan assets and pension obligation is not usual and isn't covered by the implementing measures. The employee benefits should have been disclosed only on a net basis. These requirements also exceed the disclosure requirements in IAS.	
4.54.	The calculation of deferred taxes is defined by using the requirements according to IAS 12. The reference/comparison to the accounting financial statements should be deleted. This is not covered by the implementing measures.	
4.55.		
4.56.		
4.57.		
4.58.		
4.59.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

4.60.		
4.61.		
4.62.	The information is shown in the QRTS of own funds, which will result in double reporting. Please delete this requirement from the narrative reporting guidelines.	
4.63.	We understand that this guideline is only optional. As with the design of an internal model and the standard formula a standardized comparison will not be possible in most cases, especially a comparison of quantitative information will not be meaningful in most cases. We understand that the certification process will address any questions related to internal models and provide the supervisor with ample opportunity to understand the internal model and its rationale. Given the formal model change process and the ORSA the supervisor is already informed on the ongoing appropriateness of the internal model. Thus no further reporting needs to be imposed on undertakings.	
4.64.	See 4.62	
4.65.	See 4.62	
4.66.	See 4.62	
4.67.	See 4.62	
4.68.	See 4.62	
4.69.		
4.70.		
4.71.		
4.72.		
4.73.		
4.74.		
4.75.		
4.76.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

4.77.		
4.78.		
4.79.		
4.80.		
4.81.		
4.82.		
4.83.		
4.84.		
4.85.		
4.86.		
4.87.		
4.88.		
4.89.		
4.90.		
4.91.		
4.92.		
4.93.		
4.94.		
4.95.		
4.96.		
4.97.		
4.98.		
4.99.		

**Comments Template on
CP9 – GR - Reporting**

**Deadline
20 January 2012
12:00 CET**

4.100.		
4.101.		
4.102.		
4.103.		
4.104.		
4.105.		
4.106.		
4.107.		
4.108.		
4.109.		
4.110.		
4.111.		