CONSULTATION ON THE 2021 AMENDMENTS SUPERVISORY REPORTING AND PUBLIC DISCLOSURE RELEVANT DOCUMENTS

EIOPA-BoS-21/002
10 June 2021

European Insurance and
Occupational Pensions Authority

1. Responding to this paper

EIOPA welcomes comments on the 2021 amendments to the Supervisory Reporting and Public Disclosure relevant documents. This consultation includes the following documents:

- Cover note to the public consultation;
- Draft amendments to the Commission Implementing Regulation (EU) 2015/2450 with regard to the templates for the submission of information to the supervisory authorities;
- Draft amendments to the Commission Implementing Regulation (EU) 2015/2452, laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report (ITS on Reporting and ITS on Disclosure);
- ERRATA on amendments to the EIOPA Guidelines on the supervision of branches of third country insurance undertakings;
- ERRATA on amendments to the EIOPA Guidelines on reporting for Financial Stability Purposes ;
- Impact assessment;
- Template for Comments.

Comments are most helpful if they:

- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA in the provided Template for Comments, by email to CP-21-002@eiopa.europa.eu, by **17 October 2021**.

Contributions not provided in the template for comments, or sent to a different email address, or after the deadline will not be processed.

2. Publication of responses

Contributions received will be published on EIOPA's public website unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents[1], and to EIOPA's rules on public access to documents[2].

Contributions will be made available at the end of the public consultation period.

3. Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. They will only be used to request clarifications if necessary on the information supplied.

EIOPA, as a European Authority, will process any personal data in line with Regulation (EC) No 45/2001 on the protection of the individuals with regards to the processing of personal data by the Community institutions and bodies and on the free movement of such data. More information on data protection can be found at https://eiopa.europa.eu/ under the heading 'Legal notice'.

[1] OJ L 145, 31.5.2001, p. 43.

[2] Decision of the Management Board concerning public access to documents, available at: https://eiopa.europa.eu/Publications/Administrative/Public-Access-(EIOPA-MB-11-051).pdf.

4. EIOPA approach towards the reporting and disclosure review

National competent authorities should receive the information which is necessary for the purposes of supervision. It is crucial that supervisors receive meaningful data in terms of granularity, coverage, frequency and within proper timelines to identify and early assess the risks the industry face, both at micro and macro levels. Furthermore, the harmonisation of the information to supervisory authorities throughout Europe has been an essential instrument to promote supervisory convergence.

After a number of years of implementation of Solvency II and of use of information received by supervisory authorities it was important to reflect on the adequacy of the regular supervisory reporting defined in 2015. EIOPA has enrolled since 2019, when the first call for input and public consultation were published, in a comprehensive reassessment of the reporting and disclosure requirements. This analysis lead to a number of proposal to amend the Solvency II Directive and Delegated Regulation, namely on the application of the proportionality principle. EIOPA proposals are now being considered by the COM.

The analysis over the last years also demonstrated that EIOPA could already, within the current legal framework, implement an important review of the Implementing Technical Standards. It is important to proceed with this review at this time, without waiting for the Solvency II Review, as EIOPA proposals on the review of the Technical Standards will lead to two crucial improvements:

- Reduction of reporting costs for the majority of insurance undertakings;
- Incorporation of information needed for supervisory purposes focusing on emergent risks and new areas for which supervisors identified a number of data gaps.

Ultimately this two improvements should translate in a better protection of policyholders by having a more fit-for-purpose reporting, i.e. reducing and simplifying when possible but also accommodating gaps identified by supervisors.

<u>How is the cost of reporting reduced?</u>

- Through the simplification of quarterly reporting for all undertakings;
- Through the elimination of reporting templates for all undertakings considered as less relevant for the market as whole;
- Through a better consideration of specific business models;
- Through the review and introduction of new reporting risk-based thresholds to promote better risk-based and proportionate reporting requirements leading to a reduction of the number of templates to be reported for the majority of the undertakings.

Concrete impact of the reduction is evidenced in the impact assessment prepared by EIOPA and published within this package.

The introduction of new information should impact mainly the large undertakings with complex business or undertakings with specific risk profiles, main examples being the use of internal models, business performed in a large number of markets or the coverage of cyber risk.

5. Overview of the main changes to the templates for the submission of information to the supervisory authorities

The draft proposals for amendments and corrections to the ITS on Reporting[3] and ITS on Disclosure[4] are mainly based on the Report on quantitative reporting templates (QRT), published by EIOPA together with the Opinion on the 2020 review of Solvency II[5] where the tentative amendments to the QRT were anticipated to interested stakeholders, following two public consultations.

However, some additional work has been done in the areas where no concrete proposals were provided e.g. risk-based thresholds, intra-group transactions and risk concentrations templates, variation analysis templates, sustainable finance reporting and the new S.14 non-life templates.

The major areas where the proposals have been revised or further developed following the proposals in the Report on quantitative reporting templates are described in the section 5.1 to 5.11.

5.1. S.06.03 Look-through approach for Collective Investment Undertakings

In the Report on quantitative reporting templates, EIOPA considered to introduce a new template (S.06.04) based on full look-through approach, for 'non-covered' Collective Investment Undertakings (CIU), namely some EEA non-euro and third countries CIU for which full look-through data are not available through other sources. For the EU euro ones EIOPA had already announced that despite the need for supervisory purposes the information is already available within the financial sector supervisory framework and therefore EIOPA would engage with the relevant authorities to ensure that both National Competent Authorities and EIOPA will have access to that information in the future and therefore wouldn't be reasonable to introduce a look-through approach as a regular requirement (i.e. due to the material implementation costs for only a temporary time horizon) but it would be possible to request it on ad-hoc basis using the same template. It was also considered that if any national or other reporting framework is identified that would provide information on the non-euro zone CIU (e.g. voluntary reporting to ECB), the requirement would also not be applicable.

In the work on the ITS amendments in 2021, EIOPA further reflected on the on-going review of the Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for Collective Investment in Transferable Securities Directive (UCITS) and the Commission's on going work on a Supervisory Data Strategy.

Considering the fact that the review covers both Eurozone and non-Eurozone CIUs and the possibility to have this information available in the future through a different data flow and the fact that such a system would deliver accurate, comparable, and timely data to supervisory authorities at EU and national level, while minimising the aggregate reporting costs and administrative burden for all parties, EIOPA is proposing to not introduce S.06.04 but instead keep S.06.03 as it is currently, i.e. no changes in the template and in the current threshold. This proposal also considers that if S.06.04 would be introduced now it would be a temporary and costly solution. However EIOPA would like to reiterate the relevant supervisory need to have access to granular look-through information considering the materiality that the investments in CIU may take in the insurance undertakings portfolio.

[3] Implementing Regulation (EU) 2015/2450 with regard to the templates for the submission of information to the supervisory authorities
[4] Implementing Regulation (EU) 2015/2452, laying down implementing technical standards with regard to the procedures, formats and templates of the SFCR
[5] https://www.eiopa.europa.eu/content/opinion-2020-review-of-solvency-ii_en

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

In its Report on quantitative reporting templates, EIOPA expressed the intention to implement sustainability reporting requirements on 'Green bonds and ESG-compliant/sustainable investments' in the S.06.02 list of assets.

Sustainability risks can arise from environmental, social or governance ('ESG') factors. Among environmental risks are climate change, pollution or the non-sustainable use/lack of protection of water and marine resources, of biodiversity and eco-systems. Among social and governance risks are social and employee, respect for human rights anti-corruption and anti-bribery matters.

Climate change can affect insurers' assets and liabilities, through:

1) Physical risk - risk of physical damage to assets due to increased frequency, severity or volatility of extreme weather events as a result from climate change:

   - Impact on liabilities of undertakings (mainly Non-Life) assuming such risks;

   - Impact on assets of undertakings (Non-Life and Life): losses on assets impaired by climate-related events (e.g. floods, storms, earthquakes, sea surge).

2) Transition risk: risk of investments' depreciation due to policy, technology or shifting sentiment and societal preferences for sustainable investments, due to the transition from a carbon-intensive economy to a lower-carbon economy:

   - Impact on assets of undertakings (Non-Life and Life) due to changes in the value of the assets;

   - Impact on liabilities of undertakings (Non-Life and Life), e.g. increase in or lower demand for certain coverage.

3) Liability risk: via liability insurance, where people or businesses seek compensation for losses they may have suffered from physical or transition risks.

(Re)insurers, as institutional investors and managers of risk of the society can have an impact on climate change through their investment and underwriting strategy by aiming to reduce climate change-related risks and losses ('mitigation and adaptation'). This can, in turn, impact the value of assets and liabilities (limit risk exposure, lower claims).

In its work on the 2021 ITS amendments EIOPA analysed sustainable finance reporting with a focus on climate change-related effects. The aim is to implement prudentially relevant and proportionate reporting requirements, taking into account ongoing regulatory developments and building on available methodologies and EIOPA analysis so far (see evidence listed in the Impact Assessment). Requirements on liabilities will be developed in due course - some limited information is proposed to be included in S.14.02 for non-life.

EIOPA proposes to take a step-by-step approach by including in the QRT three climate-change-related reporting requirements on assets. In particular, EIOPA proposes to require from (re)insurance undertakings, subject to a risk-based threshold, three ratios calculated as percentage of the portfolio as a whole (no item-by-item reporting is required at this stage).

Furthermore, limited amendments are proposed to receive more structured information on the NACE codes and the physical location of property.

To prepare for the future developments in this area following the step-by-step approach a few questions to stakeholders are included below.

1. Reporting requirement on sustainable investments

Reporting requirement	Proportion of the investments, in relation to total of investments that are directed at funding, or associated with economic activities identified as environmentally sustainable in the EU taxonomy.
Scope	All undertakings subject to Solvency II reporting requirements.
Methodology	Key performance indicator as set out by Commission Delegated Regulation (EU) …/… supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation ('Art. 8 Taxonomy Regulation Delegated Act').[6]

a) Prudentially relevant:

As this measure gives an indication of the undertaking's transition of investments to sustainability objectives, it provides a prudentially useful perspective of how a company may build an investment portfolio resilient to climate-related risks and gives an indication of the sustainability of the undertaking's business model.

b) Proportionate:

All large undertakings, and all undertakings listed on EU regulated markets except listed micro-enterprises[7], will be required to disclose this KPI as part of the mandatory reporting requirements set out by the Taxonomy Regulation[8] and its supplementing Delegated Act[9].

Using this KPI for prudential purposes will ensure consistent and efficient reporting towards supervisors in a proportionate manner, without creating undue additional burden. The broadening of the scope to all undertakings under Solvency II can be mitigated by allowing a materiality threshold to apply for those undertakings out of the scope of the Non-Financial Reporting Directive (NFRD), based on, for example, an initial qualitative assessment by the undertaking taking into consideration the asset categories, type of sector and amount of investment and/or remaining duration. Stakeholders' views on an appropriate threshold are being sought through the public consultation.

Question to Stakeholders:

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?

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

[6] May 2021, pending public consultation and adoption by the European Parliament and the Council https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-article-8-draft_en.pdf

[7] Undertakings within the scope of the Non-Financial Reporting Directive ('NFRD'), as currently being reviewed by the proposal for a **Corporate Sustainability Reporting Directive** ('CSRD') as adopted by COM in April 2021, pending adoption by the European Parliament and the Council, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0189).

[8] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (**'Taxonomy Regulation'**), http://data.europa.eu/eli/reg/2020/852/oj.

[9] Draft Commission Delegated Regulation pending public consultation and adoption by the European Parliament and the Council **('Art. 8 Taxonomy Regulation Delegated Act'**), May 2021, https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-article-8-draft_en.pdf.

Reporting requirement	1. Full four-digit reporting of NACE codes for investments in economic activities under NACE sections A to N as laid down in Regulation (EC) No 1893/2006 (<u>note</u>: K is already being reported under Solvency II at full code).Reporting on the share of investments exposed to climate change-related transition risk, as a proportion of total investments.
Scope	All undertakings subject to Solvency II reporting requirements.

a) Prudentially relevant:

EIOPA's sensitivity analysis of climate-change related transition risks (Dec. 2020[10]) identified potential climate-change related transition risks in the investment portfolios of European insurers. These may expose the insurance sector to transition risks in the event of a drastic alignment of the economies to an outcome in line with the aims of the Paris Agreement, the Commission's European Green Deal, Renewed Sustainable Finance Strategy and Fit-for-55 package (expected in summer 2021). Hence, the measure of the share of investments exposed to transitional risk is of prudential relevance.

b) Proportionate:

To implement the requirement in a proportionate manner, EIOPA proposes the reporting of the share of investments exposed to climate change-related transition risk as a starting point for undertakings' risk identification and supervisory review. This opposed to requiring asset-by-asset reporting, which may be unduly burdensome considering the not all assets are potentially exposed to transition risk. Undertakings can apply their own methodologies performing the risk assessment, including the use of reasonable proxies and assumptions, with reference to available analysis (see e.g. EIOPA Sensitivity analysis of climate-change related transition risks, referred to above). Stakeholders' views on appropriate thresholds are being sought through the public consultation.

Furthermore, to support the convergent identification of the investments exposed to climate change-related transition risk by NCAs, EIOPA proposes to broaden the standard requirement for reporting on NACE codes for investments to the four-digit NACE codes. The identification of economic activities at NACE code level 4 is also used by the EU taxonomy. The selection of NACE sections A to N reflects sectors of economic activities which may be likely to be exposed to climate change-related transition risk, having regard to the Taxonomy Delegated Regulation supplementing Regulation 2020/825 ('Climate Delegated Act'[11]), as well as currently available research and analysis.[12]

Question to Stakeholders:

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

3. Reporting requirement on investments exposed to physical risk

Reporting requirement	1. Standardised reporting of the physical location of property in standardised manner: latitude & longitude **OR** country ISO Alpha-2 + postal code + city + streetname + streetnumber) 2. Reporting on the share of investments exposed to physical risk, as a proportion of total investments.

[10] See **https://www.eiopa.europa.eu/sites/default/files/publications/reports/sensitivity-analysis-climate-change-transition-risks.pdf**
[11] Delegated Regulation establishing the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or adaptation, April 2021, pending adoption by the European Parliament and the Council. See **http://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800_en.pdf**
[12] As, for example, applied in EIOPA Sensitivity analysis of climate-change related transition risks, **https://www.eiopa.europa.eu/sites/default/files/publications/reports/sensitivity-analysis-climate-change-transition-risks.pdf** .

Scope	All undertakings subject to Solvency II reporting requirements.

a) Prudentially relevant:

While physical risk due to climate change may be more pronounced on non-life insurers' liabilities, physical damage caused by increased frequency and severity of extreme weather events has the potential to lead to wider disruption in the economy, reflecting on investments, through for example supply-chain disruption or other second-order effects.

b) Proportionate:

To implement the requirement in a proportionate manner, EIOPA proposes the reporting of the share of investments exposed to climate change-related physical risk as a starting point for undertakings' risk identification and supervisory review. This opposed to requiring asset-by-asset reporting, which may be unduly burdensome considering not all assets are potentially exposed to physical risk. Undertakings can apply their own methodologies performing the risk assessment, including the use of reasonable proxies and assumptions.[13] Considering the importance of insurers' investments in investment funds, EIOPA considers it proportionate in relation to the risk exposure, to cover all investments, i.e. not to exclusively focus on properties. Stakeholders' views on appropriate thresholds are being sought through the public consultation on this reporting requirement.

Furthermore, to support the convergent identification of investments exposed to climate change-related physical risk by NCAs, EIOPA proposes to standardise the reporting on the physical location of properties. Undertakings shall report on the latitude & longitude of the property location and, where this is not possible, undertakings shall report the country ISO Alpha-2 + postal code + city + streetname + streetnumber of the property.

The standard reporting of the geolocation is however only one aspect; a multitude of other aspects impacts on the physical risk exposure of investments (e.g. building standard, construction date, location of manufacturing or storage…). It remains to be assessed whether relevant standard reporting requirements for such parameters can be usefully implemented in a prudential reporting framework. Stakeholders views on such requirements are being sought through the public consultation.

Questions to stakeholders

- What could be a methodology for standardised reporting of physical risk exposure for other investments than property?
- Do you agree that a materiality threshold should apply for the KPI? If so, which threshold would you propose??

5.3. S.14.02 Non-life business

In the Report on quantitative reporting templates, EIOPA proposed for the new S.14.2 template on Non-life business to report product by product information in line with the reporting of S.14.01 for life products. However, considering the multitude of non-life products and possible modular products – whereby the consumer buys one product with multiple coverages selected on an *ad hoc* basis based on consumer need - following the inputs received in previous public consultation, EIOPA is now proposing to have a less granular reporting by product categories, which to the extent possible aim at matching existing classes of insurance[14].

[13] For instance, see EIOPA discussion paper on methodology for potential inclusion of climate change in nat cat standard formula **https://www.eiopa.europa.eu/sites/default/files/publications/consultations/discussion-paper-methodology-on-potential-inclusion-of-climate-change-in-nat-cat-standard-formula.pdf** (Final methodological paper for release in July 2021)
[14] As defined in Annex I of Solvency II Directive

Considering cross-selling and taking into account the fact that the sales of add-on products is common for non-life insurance products, rather than asking insurance undertakings to split the data in different product categories, for each product category insurance undertakings can report two rows:

- One row where all the data should be reported when the main coverage/product is sold as standalone; and
- One row where all the data should be report when the main product is sold with one or more add-on coverages.

The proposal defines product categories leveraging as much as possible to existing classes of non-life insurance:

- 8 product categories refer to specific products and are defined accordingly; and
- The remaining product categories (19) are 'catch all' categories matching 1 to 1 insurance classes or sub-classes.

Taking into account previous comments received, the template has also been streamlined reducing the information requested and limiting specific information on the number of insured/insured properties to the specific product categories for which this information is most relevant.

To monitor the climate risk two new pieces of information are sought via two new cells:

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

Including this information in the template will allow a more granular level of information (e.g. by product category) than the aggregated numbers that will be publicly reported. It will also allow to gather information on smaller companies not reporting under NFRD. Ultimately, this will allow a better understanding of the exposure to climate-related perils and of the associated prevention measures introduced by insurers.

5.4. S.22.01 - Impact of long term guarantees and transitionals measures

Under the SII Review 2020 potential areas of improvement of S.22.01 were identified. It was suggested to include the SCR and MCR ratios in the S.22.01 template with the argument that this would improve readability and ease of use, in particular in the public disclosed templates.

5.5. S.29s – Variation analysis

Considering the comments received from the stakeholders in the previous public consultation and the field test on the Variation analysis templates, EIOPA proposes to keep the templates as they are while splitting life- and non-life templates regarding the analysis of the variation of the Best Estimate.

In addition, EIOPA proposes to introduce a new template specific for non-life S.29.05 (the already consulted S.29.06) and generally supported by industry and supervisors and to delete the non-life cells in S.29.03, S.29.04 for pure non-life insurers.

Composite insurers with no clear material/ dominant activity shall submit S.29.03 and S.29.04 for their life business, as well as the new non-life template for their non-life business. Composite insurer with a clear material business activity shall only submit the templates for their respective material business activity.

A methodology and threshold to identify the "material business model for a composite insurer" is also proposed.

5.6. EPIFP

Following the analysis done during the SII Review, additional information is requested in S.12.01 and S.17.01 to collect information on expected profit in future premiums ('EPIFP'), by line of business and gross of reinsurance and taxes (i.e. without considering their impact).

5.7. LAC DT

The additional templates proposed for Loss Absorbing Capacity of Deferred Taxes (LAC DT) intend to support an initial assessment by supervisors on the adequacy of LAC DT.

Deferred tax assets could only be ascribed a positive value, where it is probable that future taxable profit will be available against which the deferred tax asset can be utilised, taking into account any legal or regulatory requirements on the time limits relating to the carryforward of unused tax losses or the carryforward of unused tax credits. This needs to be evidenced pre-stress and post-stress. Undertakings also should, inter alia, ensure pre-stress and post-stress the requirements on consistency with the valuation under Solvency II, with internal planning processes as well as with the relevant tax regime are met.

For an initial assessment of this evidence, the templates collect basic information on assumptions and results of the projections that need to be performed. The information relates inter alia to planning horizon, investment returns and new business.

The templates allow to compare pre and post shock projections. It is not the intention to replace a thorough supervisory assessment of the profitability test for deferred tax assets. Instead this templates are designed to have a general overview of LAC DT and lay the basis to develop first level indicators. Therefore, templates only gather high-level information on key assumptions driving the projection of future profits and should neither be interpreted as a "cook book" nor prevent supervisory authorities to request additional information that reflects national specificities at a more granular level. The templates allow for simplifications in the case of use of average tax rates, but are neither designed to evidence the prudence of such simplifications nor to justify whether an undertaking meets the requirements to apply it.

Thresholds are foreseen to only require information where relevant, i.e. for those undertakings where LAC DT is considered material for their solvency position or where undertakings have a material deferred tax assets pre-stress.

Questions to stakeholders

- Do you agree with the proposed threshold?

5.8. Internal models

The Internal Model templates were publicly consulted and are part of the Report on quantitative reporting templates.

The granularity of data collected for each risk category reflects the previous consultations and the supervisory experience from on-going model supervision (sometimes combining different local supervisory practices) and also reflects the experience gained by EIOPA's internal models consistency studies. Undertakings are not requested to change their internal models to be able to follow the structure of the templates. If the model does not allow producing some of the requested data, then that data does not need to be reported. EIOPA minimised the request of "artificial data", however, if the model supports the production of such data in a sensible manner, then it has to be reported. Interpretation of internal model reporting will rely heavily on

NCA's knowledge of the internal models they supervise as well as the risk profile of the supervised undertakings or groups.

5.9. Group reporting

The main proposals on the templates for group supervision are detailed in the mentioned Report on quantitative reporting templates. The cover note seeks to highlight key changes.

Group Own Funds

Further to the proposed changes announced in December 2020, these are the highlights of how such proposed changes are proposed to be implemented:

- Proposed changes to S.23.04.04 Tables 10 & 11 are slightly amended to ensure a complete and clear reporting regarding total non-available own funds, and total non-available own funds to be deducted, including non-available minority interest to be deducted, per entity.
- Proposed changes also facilitate that non-available own funds from these tables can be matched against S.23.01.04.

Undertakings in the Scope of the Group

In relation to the S.32 template, the main proposed changes are:

- Clarifications on the scope: a list of all undertakings in the scope of the group, in the meaning of Article 212(1)(c) of Directive 2009/138/EC, subject to full group supervision according to art 213(2)(a)(b)(c) (including the ones that are excluded according to Article 214 of the Solvency II Directive)
- A new column for the identification of the direct participating undertaking that could support future analysis on the visualisation of the group structure by using the data in S.32.
- Additional information on whether each undertaking is covered by the internal model and the type of volatility adjustment used for the purpose of the group solvency capital requirements.

Intragroup transactions (IGTs) and Risk Concentrations (RCs)

The proposed templates are inspired on the recently developed FiCo reporting package for IGTs and RCs, however the presentation of the templates follow the Solvency II reporting (e.g. focus is on the insurance sector). The following are the main changes when comparing against the existent Solvency II templates:

On IGTs:

- S.36.00 is a new summary template which will provide an overview of all IGTs by main categories and sectors. It will include all the IGTs reported in the year (significant, very significant and to be reported in all circumstances). When comparing the S.36.00 versus the relevant template for financial conglomerates, only the relevant columns for the insurance sector are kept (i.e. IGTs from or toward the insurance sector).
- The S.36.05 P&L is a new template. This facilitates keeping the P&L information associated with IGTs in a separate template.

On RCs:

- The proposed new approach for S.37.01 is less granular than the current SII template. The exposures are reported split in main categories by external counterparties and not item by item, for the significant and very significant exposures.
- The two new templates (S.37.02 and S.37.03) bring summary tables for all exposures reported by main drivers (currency, sector, country, asset class and rating).

Question to Stakeholders:

S.37.01 (C0260) Information on Credit or insurance risk mitigation techniques

In the proposed ITS-2021 reporting templates for Risk Concentration (which is aligned to the FiCo templates), the groups will be requested to present the significant (and very significant) risk concentration according to the external counterparties.

The *insurance exposures* are included in the reporting and therefore significant differences between reinsurance gross and net exposures can be expected. From a supervisory point of view, the net exposure is much more useful in understanding the actual impact of significant exposures. It should be noted that the exposure to the reinsurer is considered separately.

However, when the insurance exposures of the group are reinsured/risk mitigated via a *non-proportional reinsurance treaty*, encompassing more than one counterparty (possible cases are that the whole portfolio and the losses on the whole portfolio decide whether there is payment from the reinsurer or not), EIOPA is aware that it can be difficult to present the net value according to single counterparty as it is requested in the template.

Options for consideration:

Three options are currently considered as possible options to solve the issue described above. Each option has pros and cons, and we welcome industry views on which would be option that will provide meaningful information, and support supervisory objectives and a risk management framework. Additional options that may serve the objectives can be offered to EIOPA's consideration.

Option 1: A proportional break-down of the capacity of the treaty among the counterparties. It may be 'practical' from an operational point of view but is very arbitrary, artificial and does not fit the aim.
Option 2: Application of simulations to see how in chosen scenarios the reinsurance treaty may work. This option has a dependency on the selecting adequate and consistent scenarios. It is quite burdensome for the aim of the reporting and may impair data comparability across groups.
Option 3: Not applying such contracts in the presentation of the net exposure, but supplementing the template with the narrative information about the reinsurance contracts encompassing the reported exposures. This option 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.

5.10. Financial Stability Reporting

In relation to the Financial Stability proposal, the main changes can be summarised as follows:

- The Balance sheet template for Quarterly FS reporting is now corresponding to the annual prudential one (S.02.01.01 - including statutory accounts column) and amendments from the S.02 prudential reporting have been incorporated;
- In S.05.01.13 (Premiums, claims and expenses), amendments from the S.05 prudential reporting have been incorporated;
- Two new templates S.14.04.11 (Liquidity risk for life business) and S.14.05.11 (Liquidity risk for non-life business) collect liquidity information at product and product category level respectively;
- The proposed new approach for S.38.01.10 (Duration on technical provisions) will collect both Modified and Effective duration. An open question is posed to stakeholders regarding the reporting of the Effective duration figures;

- The additional table in S.39.01.11 (Profit and Loss) containing a breakdown of profit and loss figures, has been amended.

Question to Stakeholders:

S.38.01 Duration of technical provisions

The exact criteria and format for the reporting of the effective duration of technical provisions is to be confirmed after the feedback received from the public consultation:

Option 1: Modified duration reported for all undertakings; Effective duration to be reported only where material optionalities are present in the technical provisions.

S.38.01.10.01

Modified duration of technical provisions

		Modified duration
		C0010
Technical provisions, Life excluding unit-linked	R0100	
Technical provisions, Non-Life	R0200	
		Metric: Decimal DC/Modified durat

S.38.01.10.02

Effective duration of technical provisions

		Effective duration
		C0030
Technical provisions, Life excluding unit-linked	R0300	
Technical provisions, Non-Life	R0400	

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.

S.38.01.10.01

Modified duration of technical provisions

		Modified duration	Technical provision volume
		C0010	C0020
Technical provisions, Life excluding unit-linked	R0100		
Technical provisions, Non-Life	R0200		
		Metric: Decimal DC/Modified durat	VG/Solvency II TA/Modified durati Metric: Monetary BC/Liability LB/Gross technical

S.38.01.10.02

Effective duration of technical provisions

		Effective duration	Technical provision volume
		C0030	C0040
Technical provisions, Life excluding unit-linked	R0300		
Technical provisions, Non-Life	R0400		

5.11. Third Country Branches Reporting

The amendments introduced in the Guidelines for third countries branches reporting reflect the amendments proposed for the ITS and that should also be reflected in the reporting of third country branches. No specific amendments are proposed.

6. Next steps

EIOPA will consider the responses it receives to this consultation, and will finalise the draft amendments and corrections to the ITS on Reporting and ITS on Disclosure and other relevant documents.

The draft amendments and corrections to the ITS on Reporting and ITS on Disclosure will then be submitted to the European Commission for endorsement.

All amendments will be incorporated in the XBRL taxonomy version 2.7.0. to be applicable to the end of Y2022 reporting. The consultation of the 2.7.0 taxonomy release will not follow the usual calendar (PWD in 1 June and final taxonomy 15 July) but will instead be consulted as soon as possible after the delivery of the draft ITS to the COM to allow industry more preparation time.

7. Annex

Annex I - LAC DT templates instructions

S.02.01 – Balance Sheet

C0030 and C0040 should be reported only where the amount of net deferred tax assets or the amount of net deferred tax liabilities are higher than 10% of the SCR.

S.XX.01– Deferred taxes

General comments:

This template is to replace S.25.XX.03-05

	ITEM	INSTRUCTIONS
C0010/R0010	Approach based on average tax rate	One of the options in the following closed list shall be used: 1– Yes 2 – No 3 – Not applicable as LAC DT is not used (in this case R0020, R0500, R0510 and C0040 are not applicable) See EIOPA Guidelines on loss-absorbing capacity of technical provisions and deferred taxes (EIOPA-BoS-14/177 EN) [15]
C0020-C0030/R0100	Deferred tax liabilities	Amount of deferred tax liabilities in the Balance Sheet. C0030/R0100 is to be left blank if R0010/C0010 is filled with “1-Yes” or “3 – Not applicable” C0020/R0100 = S.02.01 C0010/R0780
C0020-C0030/R0110	Deferred tax assets	Amount of deferred tax assets in the Balance Sheet. C0030/R0110 is to be left blank if R0010/C0010 is filled with “1-Yes” or “3 – Not applicable” C0020/R0110 = S.02.01 C0010/R0040

[15] https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-the-loss-absorbing-capacity-of-technical-provisions-and-deferred-taxes

C0020-C0030/R0200	DTA justified by deferred tax liabilities	Amount of deferred tax assets justified using deferred tax liabilities. C0030/R0200 is to be left blank if R0010/C0010 is filled with “3 – Not applicable”
C0020-C0030/R0210	DTA justified by future taxable profits	Amount of deferred tax assets justified using future taxable profits (carry-forward). C0030/R0210 is to be left blank if R0010/C0010 is filled with “3 – Not applicable”
C0020-C0030/R0220	DTA justified by arrangements for the transfer of profits or losses	Amount of deferred tax assets justified using arrangements for the transfer of profits or losses, which are contractual agreements regarding the transfer of profit or loss to another undertaking or is bound by other arrangements under existing tax legislation in the member state (tax groups) or arrangements whereby such transfer occurs or is considered to occur through an offset of such losses against profits of another undertaking under the applicable tax consolidation rules in the Member State (fiscal unity). C0030/R0220 is to be left blank if R0010/C0010 is filled with “3 – Not applicable”
C0020-C0030/R0230	DTA justified by carry-back	Amount of deferred tax assets justified using past profits (carry-back). C0030/R0230 is to be left blank if R0010/C0010 is filled with “3 – Not applicable”
C0020-C0030/R0300	Unused probable future taxable profits	Amount of future profits within the horizon of projection not required to fully recognize deferred tax assets. This amount shall be equal to the difference between all available taxable profits projected and the future profits used to justify deferred tax assets. This amount should be reported on best effort basis. C0030/R0300 is to be left blank if R0010/C0010 is filled with “3 – Not applicable”
C0020/R0400	Source of deferred tax assets – Temporary differences – SII pre-stress	Amount of deferred tax assets in Solvency II balance-sheet due to differences between the Solvency II value of an asset or liability and its tax base before the shock described in Article 207 of the Delegated Regulation (EU) 2015/35
C0030/R0400	Source of deferred tax assets – Temporary differences - SII post-stress	Amount of deferred tax assets due to differences between the Solvency II value of an asset or liability and its tax base if a Solvency II balance-sheet was set up after the shock-loss equivalent to the SCR, as provided in Article 207 of the Delegated Regulation (EU) 2015/35. This cell is to be left blank if R0010/C0010 is filled with “1-Yes” or “3-Not applicable”.
C0020/R0410	Source of deferred tax assets – Unused tax losses – SII pre-stress	Amount of deferred tax assets in the Solvency II balance-sheet before the shock described in Article 207 of the Delegated Regulation (EU) 2015/35 due to past tax losses carried forward.

C0030/R0410	Source of deferred tax assets – Unused tax losses - SII post-stress	Amount of deferred tax assets in the Solvency II balance-sheet due to past tax losses carried forward if a Solvency II balance-sheet was set up after the shock-loss equivalent to the SCR, as provided in Article 207 of the Delegated Regulation (EU) 2015/35. This cell is to be left blank if R0010/C0010 is filled with "1-Yes" or "3-Not applicable".
C0020/R0420	Source of deferred tax assets – Unused tax credits – SII pre-stress	Amount of deferred tax assets in the Solvency II balance-sheet before the shock described in Article 207 of the Delegated Regulation (EU) 2015/35 due to unused tax credits.
C0030/R0420	Source of deferred tax assets – Unused tax credits - SII post-stress	Amount of deferred tax assets in the Solvency II balance-sheet due to unused tax credits if a Solvency II balance-sheet was set up after the shock-loss equivalent to the SCR, as provided in Article 207 of the Delegated Regulation (EU) 2015/35. This cell is to be left blank if R0010/C0010 is filled with "1-Yes" or "3-Not applicable".
C0020/R0430	Maximum net DT – SII pre-stress	Maximum net deferred tax assets or deferred tax liabilities in the Solvency II balance sheet before the shock described in Article 207 of the Delegated Regulation (EU) 2015/35. This means that, for the calculation of the amount to be reported in this cell, a deferred tax asset is to be considered for all existing deductible temporary differences, regardless whether the undertaking is able to justify its recognition. Where the net amount is an asset, it should be reported as a positive amount. Where the net amount is a liability, it should be reported as a negative amount.
C0030/R0440	Maximum LAC DT	Maximum amount of loss absorbing capacity that an undertaking could recognize, i.e. under the assumption that all the notional deferred tax assets can be justified. This cell is to be left blank if R0010/C0010 is filled with "3-Not applicable".

S.XX.02– Deferred taxes - Projections before the stress

General comments:

This template includes information on the projection of future profits without taking into consideration the instantaneous loss described in Article 207 of Delegated Regulation 2015/35.

The template includes information on the projections for the future on a yearly basis during the next 10 years, an aggregate for the amounts projected after that date and also the real figures for the last two years (t-1 and t).

This template should only be reported if one of the two following conditions is met:

1. The undertaking would breach the SCR without the amount of LACDT justified with future profits.
2. The amount of LACDT justified with future profits exceeds 10% of the SCR.
3. The amount of net deferred tax assets is higher than 10% of the SCR.

	ITEM	INSTRUCTIONS
Carry-back / Carry forward		
C0010/R0010	Carry-forward - t	In some jurisdictions, undertakings are allowed to compensate current profits on past losses. This cell includes all the past losses that could be used to compensate profits of year t. The application of the relevant tax rate to this amount would lead to the amount of deferred tax assets due to unused tax losses.

C0010/R0020	Carry-forward - Years	In some jurisdictions, undertakings are allowed to compensate current profits on past losses. This cell reflects the number of years that such losses can be carried forward to compensate profits in the relevant jurisdiction. If there is no limit, 99 should be reported.
C0020/R0010	Carry-back - t	In some jurisdictions, undertakings are allowed to compensate past profits on current losses. This cell includes all the past profits that could be compensated with profits of year t.
C0020/R0020	Carry-back - Years	In some jurisdictions, undertakings are allowed to compensate past profits on current losses. This cell reflects the number of years that such losses can be carried back to compensate profits in the relevant jurisdiction.
Underlying assumptions		
C0100-C0220/R0100	Average tax rate	Relevant tax rate for each year of the projection. The average tax rate should not include any tax credits, which will be reported separately. Undertakings are not expected to forecast future tax rates, i.e. the tax rates reported should have been already approved by the legislator.
C0100-C0210/R0110	Average investment return – from t-1 to t+10+	Investment return assumed in the projections expressed as a percentage. If the undertaking assumes EIOPA risk-free interest rate returns (C0230/R0110 = 1), the forward rates derived from the EIOPA risk-free interest rate term structure should be reported. Similarly, when the undertaking assumes returns consistent with the risk-free interest rate term structure plus the volatility adjustment or the matching adjustment, undertakings are expected to report the forward rates embedded. Undertakings using other assumptions on the return on investments should fill-in this cells on best effort basis. Where different investment returns are used for different assets or portfolios, weighted averages should be used. For C0100 and C0110, the investment return should be the real investment return obtained by the undertaking in t-1 and t, including interest, dividends, rent, realised gains/losses and unrealised gains/losses.
C0230/R0110	Average investment return - Approach	Investment return assumed by the undertaking for the projection of future profits in the Solvency II framework pre-Stress. One of the options in the following closes list shall be used: 1 – EIOPA RFR without VA 2 – EIOPA RFR with VA 3 – EIOPA RFR with MA 4 – Other
Projections		
C0100 – C0220/R0210	Written premiums (within contract boundaries)	Written premiums included within contract boundaries.
C0120 – C0220/R0220	Written premiums (renewals)	Written premiums not included within contract boundaries for existing and renewed contracts.
C0120 – C0220/R0230	Written premiums (new contracts)	Written premiums not included within contract boundaries for new contracts (excluding renewed contracts).
Profits		

C0100-C0220/R0310	Taxable profit before temporary differences	Taxable profits projected by the undertaking before considering the effect temporary differences (increase or decrease). For C0100 and C0110 this cell should include the real taxable profit before temporary differences obtained in t-1 and t. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank R0310 = R0320 + R0330
C0100-C0220/R0320	Taxable profit before temporary differences – Current business	Taxable profits projected by the undertaking before considering the effect temporary differences (increase or decrease) arising from current business, i.e. related to premiums and obligations within contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business. However, there are some exceptions as for example the profits projected arising from the investments backing the own funds, which should be allocated to current business if explicitly modelled. For C0100 and C0110 this cell should include the real taxable profit before temporary differences obtained in t-1 and t. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0120-C0220/R0330	Taxable profit before temporary differences – New business	Taxable profits projected by the undertaking before considering the effect temporary differences (increase or decrease) arising from future business, i.e. related to premiums and obligations outside the contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0100-C0220/R0340	Increase of deductible temporary differences	Increase of deductible temporary differences between Solvency II and the fiscal balance sheet. This difference leads to an increase of a deferred tax asset. This amount is expected to be positive. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank

C0100-C0220/R0350	Increase of taxable temporary differences	Increase of taxable temporary differences between Solvency II and the fiscal balance sheet. This difference leads to an increase of a deferred tax liability. This amount is expected to be negative. If S.XX.01 R0010/C0010 is equal to “1-Yes” this cell could be left blank
C0100-C0220/R0360	Decrease of deductible temporary differences	Decrease of deductible temporary differences between Solvency II and the fiscal balance sheet. This difference leads to a decrease of a deferred tax asset. This amount is expected to be negative. If S.XX.01 R0010/C0010 is equal to “1-Yes” this cell could be left blank
C0100-C0220/R0370	Decrease of taxable temporary differences	Decrease of taxable temporary differences between Solvency II and the fiscal balance sheet. This difference leads to a decrease of a deferred tax liability. This amount is expected to be positive. If S.XX.01 R0010/C0010 is equal to “1-Yes” this cell could be left blank
C0100-C0220/R0380	Taxable profit after temporary differences	Taxable profits projected by the undertaking after considering the effect temporary differences (increase or decrease). For C0100 and C0110 this cell should include the real taxable profit before temporary differences obtained in t-1 and t. R0380 = R0390 + R0400 R0380 = R0310 + R0340 + R0350 + R0360 + R0370
C0100-C0220/R0390	Taxable profit after temporary differences – Current business	Taxable profits projected by the undertaking after considering the effect temporary differences (increase or decrease) arising from current business, i.e. related to premiums and obligations within contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business. However, there are some exceptions as for example the profits projected arising from the investments backing the own funds, which should be allocated to current business if explicitly modelled. For C0100 and C0110 this cell should include the real taxable profit before temporary differences obtained in t-1 and t.
C0120-C0220/R0400	Taxable profit after temporary differences – New business	Taxable profits projected by the undertaking after considering the effect temporary differences (increase or decrease) arising from future business, i.e. related to premiums and obligations outside the contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be

		interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business.
Taxation		
C0100-C0220/R0500	Carry-forward	Amount of fiscal losses from past years that compensate current profits. It is expected to be a negative amount.
C0100-C0220/R510	Carry-back	Amount of fiscal profits from past years that compensate current losses. It is expected to be a positive amount.
C0100-C0220/R0520	Profits/losses shared within the group	Where an undertaking has entered into contractual agreements regarding the transfer of profit or loss to another undertaking or is bound by other arrangements under existing tax legislation in the member state (tax groups) or an arrangement whereby such transfer occurs or is considered to occur through an offset of such losses against profits of another undertaking under the applicable tax consolidation rules in the Member State (fiscal unity), the undertaking should take these agreements or arrangements into account in the projection of profits used to justify deferred tax assets. This cell includes the profit or loss shared under such agreements or arrangements.
C0100-C0220/R0530	Taxable profits after compensation	Taxable profits after compensation via carry-back, carry-forward and profit/loss sharing within the group. R0530 = R0380 + R0500 + R0510 + R0520
C0100-C0220/R0540	Tax credits used	Amount of the tax credits used to reduce the taxes paid. It is expected to be a negative amount.
C0100-C0220/R0550	Tax credits used – Of which, unused tax credits from past years	Part of the tax credits used to reduce the taxes paid that were generated in past years. It is expected to be a negative amount. Sum (R0550) = S.XX.01 C0020/R0420
C0100-C0220/R0560	Taxes paid	Amount of taxes paid. For undertakings belonging to a tax group, the cell must include the share of taxes paid by the group attributable to the undertaking, considering the profits sharing described in cell R0520. R0560 = R0540 * R0100 + R0550

S.XX.03– Deferred taxes - Projections after the stress
General comments:

This template includes information on the projection of future profits taking into consideration the instantaneous loss described in Article 207 of Delegated Regulation 2015/35.

The template includes information on the projections for the future on a yearly basis during the next 10 years, an aggregate for the amounts projected after that date and also the real figures for the last two years (t-1 and t).

This template should only be reported if one of the two following conditions is met:

1. The undertaking would breach the SCR without the amount of LACDT justified with future profits.
2. The amount of LACDT justified with future profits exceeds 10% of the SCR.

	ITEM	INSTRUCTIONS
Underlying assumptions		
C0120-C0210/R0110	Average investment return – from t-1 to t+10+	Investment return assumed in the projections expressed as a percentage. If the undertaking assumes EIOPA risk-free interest rate returns (C0230/R0110 = 1), the forward rates derived from the EIOPA risk-free interest rate term structure should be reported. Similarly, when the undertaking assumes returns consistent with the risk-free interest rate term structure plus the volatility adjustment or the matching adjustment, undertakings are expected to report the forward rates embedded. Undertakings using other assumptions on the return on investments should fill-in this cells on best effort basis. Where different investment returns are used for different assets or portfolios, weighted averages should be used. For C0100 and C0110, the investment return should be the real investment return obtained by the undertaking in t-1 and t, including interest, dividends, rent, realised gains/losses and unrealised gains/losses.
C0230/R0110	Average investment return - Approach	Investment return assumed by the undertaking for the projection of future profits in the Solvency II framework pre-Stress. One of the options in the following closes list shall be used: 1 – EIOPA RFR without VA 2 – EIOPA RFR with VA 3 – EIOPA RFR with MA 4 – Other
C00120-C0220/R0120	Haircut applied (%)	Haircut applied following Article 207.2c(d) of the Delegated Regulation 2015/35. This should be reported as a positive percentage.
Projections		
C0120 – C0220/R0210	Written premiums (within contract boundaries)	Written premiums included within contract boundaries.
C0120 – C0220/R0220	Written premiums (renewals)	Written premiums not included within contract boundaries for existing and renewed contracts.
C0120 – C0220/R0230	Written premiums (new contracts)	Written premiums not included within contract boundaries for new contracts (excluding renewed contracts).
Profits		
C0120-C0220/R0310	Taxable profit before temporary differences	Taxable profits projected by the undertaking before considering the effect temporary differences (increase or decrease). If S.XX.01 R0010/C0010 is equal to “1-Yes” this cell could be left blank R0310 = R0320 + R0330
C0120-C0220/R0320	Taxable profit before temporary differences – Current business	Taxable profits projected by the undertaking before considering the effect temporary differences (increase or decrease) arising from current business, i.e. related to premiums and obligations within contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be

		interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business. However, there are some exceptions as for example the profits projected arising from the investments backing the own funds, which should be allocated to current business if explicitly modelled. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0120-C0220/R0330	Taxable profit before temporary differences – New business	Taxable profits projected by the undertaking before considering the effect temporary differences (increase or decrease) arising from future business, i.e. related to premiums and obligations outside the contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0120-C0220/R0340	Increase of deductible temporary differences	Increase of deductible temporary differences between Solvency II and the fiscal balance sheet. This difference leads to an increase of a deferred tax asset. This amount is expected to be positive. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0120-C0220/R0350	Increase of taxable temporary differences	Increase of taxable temporary differences between Solvency II and the fiscal balance sheet. This difference leads to an increase of a deferred tax liability. This amount is expected to be negative. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0120-C0220/R0360	Decrease of deductible temporary differences	Decrease of deductible temporary differences between Solvency II and the fiscal balance sheet. This difference leads to a decrease of a deferred tax asset. This amount is expected to be negative. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank
C0120-C0220/R0370	Decrease of taxable temporary differences	Decrease of taxable temporary differences between Solvency II and the fiscal balance sheet. This difference leads to a decrease of a deferred tax liability. This amount is expected to be positive. If S.XX.01 R0010/C0010 is equal to "1-Yes" this cell could be left blank

C0120-C0220/R0380	Taxable profit after temporary differences	Taxable profits projected by the undertaking after considering the effect temporary differences (increase or decrease). R0380 = R0390 + R0400 R0380 = R0310 + R0340 + R0350 + R0360 + R0370
C0120-C0220/R0390	Taxable profit after temporary differences – Current business	Taxable profits projected by the undertaking after considering the effect temporary differences (increase or decrease) arising from current business, i.e. related to premiums and obligations within contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business. However, there are some exceptions as for example the profits projected arising from the investments backing the own funds, which should be allocated to current business if explicitly modelled.
C0120-C0220/R0400	Taxable profit after temporary differences – New business	Taxable profits projected by the undertaking after considering the effect temporary differences (increase or decrease) arising from future business, i.e. related to premiums and obligations outside the contract boundaries. In some cases, e.g. complex profit sharing mechanisms, current and new business may be interconnected, so undertakings are expected do the allocation of the profit between current and new business on best effort basis. Profit from current business according to the underlying assumptions used for valuation is embedded in Solvency II valuation, therefore undertakings are expected to report most of the profits linked to new business.
Taxation		
C0120-C0220/R0500	Carry-forward	Amount of fiscal losses from past years that compensate current profits. It is expected to be a negative amount.
C0120-C0220/R0510	Carry-back	Amount of fiscal profits from past years that compensate current losses. It is expected to be a positive amount.
C0120-C0220/R0520	Profits/losses shared within the group	Where an undertaking has entered into contractual agreements regarding the transfer of profit or loss to another undertaking or is bound by other arrangements under existing tax legislation in the member state (tax groups) or an arrangement whereby such transfer occurs or is considered to occur through an offset of such losses against profits of another undertaking under the applicable tax consolidation rules in the Member State (fiscal

		unity), the undertaking should take these agreements or arrangements into account in the projection of profits used to justify deferred tax assets. This cell includes the profit or loss shared under such agreements or arrangements.
C0120-C0220/R0530	Taxable profits after compensation	Taxable profits after compensation via carry-back, carry-forward and profit/loss sharing within the group. R0530 = R0380 + R0500 + R0510 + R0520
C0120-C0220/R0540	Tax credits used	Amount of the tax credits used to reduce the taxes paid. It is expected to be a negative amount.
C0120-C0220/R0550	Tax credits used – Of which, unused tax credits from past years	Part of the tax credits used to reduce the taxes paid that were generated in past years. It is expected to be a negative amount. Sum (R0550) = S.XX.01 C0020/R0420
C0120-C0220/R0560	Taxes paid	Amount of taxes paid. For undertakings belonging to a tax group, the cell must include the share of taxes paid by the group attributable to the undertaking, considering the profits sharing described in cell R0520. R0560 = R0540 * R0100 + R0550

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