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# **Manual for the completion of the QIS5 Spreadsheet by groups**

# General description

## Preliminary remarks

1. The manual for the completion of the QIS5 spreadsheet for solo undertaking already discusses the following core concepts underlying Solvency II :
  - Preparation of a balance sheet, based on market consistent valuation, and
  - Determination of risk sensitive capital requirements
2. These concepts also apply to supervision at the level of the group. In addition, Solvency II contains supplementary provisions for group supervision, such as supervision of intra-group transactions or understanding of diversification effects between related undertakings where applicable
3. One specificity of group solvency calculation is that under the directive, where the exclusive application of the accounting consolidation method (the default method) is not appropriate, it is possible to use the deduction and aggregation method (the alternative method), or a combination of the default method and the alternative method. These two methods will be tested in QIS5 (see TS G.11). A combination of the two methods may also be tested but is optional in QIS5.
4. It should also be noted that Solvency II requires group supervision to encompass all parts of the group necessary to provide a proper understanding of the group and the potential sources of risks within the group. This means the scope of group supervision should include all relevant entities, both insurance and non-insurance (including but not limited to banks and other financial entities) situated both in and outside the EEA.
5. For QIS5 purposes as described in TS G.15, the scope of the group should be the current scope (with adjustments already made for group supervision purposes). In the event a group is not be able to carry out the group QIS5 exercise based on the present scope of supervision, this should be discussed with the lead supervisor and the reasons explained in the group qualitative questionnaire.

## The QIS5 spreadsheet

6. Unlike QIS4, there is only one global spreadsheet incorporating both solo and group issues for the QIS5 exercise. Therefore, the QIS5 spreadsheet is intended to capture the QIS5 submissions from both individual companies and insurance groups.

7. As for the solo exercise, the spreadsheet is also used at the group level to present the balance sheet and solvency under QIS5, along with a comparison to the Solvency I position. In addition for a group, the spreadsheet will also allow for other group specific assessments such as impacts from intra-group transactions, diversification effects at the level of the group, etc. As such, consistent data collection on all solo entities included in the scope of the group is crucial to allow a proper comparison of the results between the accounting consolidation method and the deduction and aggregation method.
8. It should be noted that each (re)insurance undertaking of a group is expected to complete the spreadsheet. Supplementary data (e.g. intra-group calculation) are also required from these undertakings as the solo data will be used as input data in the group spreadsheets.
9. If the group has non-EEA (re)insurance entities, it is important that the spreadsheet is completed for each non-EEA entity.
10. For completion at group level, groups are asked to complete both the solo tabs where applicable and also the group specific tabs (notably information gathering on "non-insurance" parts of the group).
11. That manual is then split in two different sections:
  - a. Solo tabs/parts of tabs to be completed by solo (re)insurance undertakings for group purpose;
  - b. Group specific tabs.

For completion of other tabs, please refer to the manual for completion of QIS5 spreadsheet for solo undertakings and/or the manual for internal model.

## Spreadsheet Organisation

12. All general information on the spreadsheet (eg. organisation or process) as described in the solo manual also applies here.
13. Note most of the tabs in the spreadsheet are used for the solo exercise which is described in the solo manual.
14. However the spreadsheet also includes some group specificities: the *D.Dataset* Table is used to collate the data derived from the solo spreadsheets, either from solo (re)insurance entities belonging to the group or from calculations on a 'consolidated basis' (specifically for EEA consolidation or other consolidation, notably for combination *method use*).
15. Moreover the spreadsheet includes some templates specific to a group :
  - a. *G.Group Coverage* includes a global description of the group

- b. *G.Group OFS* summarises information on participations in other financial sectors within a group
  - c. *G.Group NCP* summarises information on non-controlled participations within a group
  - d. *G. Group overview* includes additional data provided at the group level, and in particular, treatment of own funds.
16. The following sections describe in further details the processes for completing the spreadsheet at both the solo level (relevant to a group) and a group level. A summary of the tabs that have to be completed by a group, EEA (re)insurance undertakings and non-EEA (re)insurance undertakings is provided in Annex A at the end of this manual.

## Completing the QIS5 spreadsheet

### **Specific guidance for completion of spreadsheets for solo entities (EEA and non-EEA) that are part of a group**

- 17. This chapter deals with completion of spreadsheets for all solo (re) insurance undertakings included in the scope of the group. It should be noted that in case the group decides to use also combination method, solo spreadsheet can be used to calculate any kind of sub-consolidation; in that case instructions on EEA entities should be followed if EEA subgroup or worldwide subgroup, and instructions on non-EEA entities if non-EEA group.
- 18. All solo information has to be completed very carefully as it will be copy/paste in the tab D.Dataset of the group spreadsheet: missing information can lead to mistakes on group aggregation.
- 19. These relevant tabs/parts of tab to be completed for group aggregation are summarised in the template at the end of that paragraph.
- 20. If no precision is given then explanations apply to both solo EEA and non-EEA subsidiaries and to any kind of subgroup calculation. If information is not requested for non-EEA entity then the line is put in grey; yet that information can be usefully provided and in that case will help group analysis.
- 21. For non-EEA entities, following tables have in any cases not to be filled in as they will not be used for group analysis: *I.participations, I.Own funds items details*, all "IM" tabs dealing with solo internal models. In addition, *Tab I.Assets* is also not mandatory but could provide useful information for group analysis and then be filled in.
- 22. Completion of spreadsheet for non-EEA entity is only made for group analysis purpose.

<b>Spread-sheet Tab</b>	<b>Guidance</b>
I.Participant	<ul style="list-style-type: none"> <li>• Please put "yes" answer to cell D29: other questions appear (D29-D34) on the inclusion of the entity within the group (especially group's proportional share, as defined in TS G.XX).</li> </ul>
I.Valuation	<ul style="list-style-type: none"> <li>• Part 5 – Line 212 to 286 : that part aims at gathering information on intra-group transactions at solo level</li> </ul>
I.Current Situation	<ul style="list-style-type: none"> <li>• Following guidance is valuable only for non-EEA entities</li> <li>• Current situation has to be accessed via local rules : "solvency I" and "current accounting bases" should be understood as "local prudential and/or accounting bases"</li> <li>• The crucial data here are the one in part 1 "current solvency I position": cells D10 to D13 will be use for D&amp;A method with local rules (see G97 second bullet point of TS) and cell D14 will be used for group SCR floor calculation (see G60 of TS for explanation to complete that cell)</li> <li>• On parts 2 and 3, please provide at least requested totals (lines 21, 31 and 45)</li> </ul>
I.SCR Adjusted	<ul style="list-style-type: none"> <li>• That tab gathers information on SCR adjusted for intra-group transactions (IGT). These SCR should be calculated in relation to TS : please follow explanations in G104 on how IGT should be eliminated in SCR calculation</li> <li>• This solo adjusted SCR will be used for D&amp;A purposes when calculating group solvency with solvency II rules</li> <li>• Please do not forget to provide information on the % used for consolidated account (it will be used for the default method)</li> <li>• It should be noted that for groups including non-EEA countries and willing to provide also calculation taking into account local rules (see G97 second bullet point of TS), not adjustment for IGT is required as such calculation, due notably to different valuation bases, will not be relevant.</li> </ul>

### **Completion of spreadsheet at group level**

23. Before going in detail to completion of group spreadsheet, some group specificities will be remind in the following paragraph.
24. First, as described in G.30 of TS, consolidated group SCR is the sum of 3 different components:  $SCR^*$ ,  $SCR_{NCP}$  (non-controlled participations) and  $SCR_{OFS}$  (other financial sectors). For calculating consolidated group SCR, group will be handled 'as if solo' for the insurance part and solo tabs will be completed on insurance consolidated prudential balance sheet.
25. Secondly, groups are not only requested to process group solvency assessment via consolidation method but also via deduction and aggregation method (see G.11 of TS). To that purposes, solo data are necessary as D&A method could be summarized as an "addition" of solo requirements: the solo completion of tabs as formerly described for both (re)insurance EEA and non-EEA entities will serve as an input here. Moreover both calculation with Solvency II rules and local rules for non-EEA countries can be processed, the calculation with Solvency II rules

being mandatory (see G.97). The non-insurance part will then be added with the consolidation method, by adding  $SCR_{NCP}$  and  $SCR_{OFS}$

26. Finally, other calculations are possible (see section G.5) for combination method. In that case, the detail of the calculation is not asked in the spreadsheet: as multiple combinations are possible depending on the structure of the group, information should be provided on the combination chosen in QG18 of the qualitative questionnaire.
27. Having in mind these different points, completion of spreadsheet for a group can be seen as a 3-buckets process :
  - a. Group 'as if solo': solo tabs are filled in for the consolidated insurance part of the group
  - b. Additional information on non-controlled participation and other financial sectors with dedicated templates
  - c. Input from solo spreadsheets: group 'as collection of solo entities'.

### **Group 'as if solo' and additional information on NCP and OFS**

28. Before going into details on the group completion of the tabs, following paragraphs give some general guidance on the process.
29. The balance sheet (*I.Valuation*) is built up on the scope of  $SCR^* + SCR_{NCP}$ . Yet addition of other financial sectors assets and liabilities is requested to get a global picture of group balance sheet.
30.  $SCR^*$  is calculated via SCR tabs and input tabs (SF tabs but also *I.Premiums* and *I.QIS5 insurance obligations*): then these tabs need to be filled in on scope of  $SCR^*$
31. All "solo tabs" except *SF.MCR\_G*, *I.SCR adjusted* and *I.Participations* have to be filled in for the group "as if solo".
32. Tab *G.Group details on aggregation* is automatically filled in. It summarizes information and provides intermediate calculation to serve as an input to tab *G.Group Overview (adjustment due to reporting in different currencies by undertakings of the group is done in that tab)*.
33. The following detailed tab only provides explanation when they are group specificities in the tab; else you should refer to the solo manual.

<b>Spreadsheet Tab</b>	<b>Guidance</b>
I.Participant	<ul style="list-style-type: none"> <li>• D9: participant is the parent undertaking of the group</li> <li>• D13 : please put "group basis": other questions appears in cells D26-D28 allowing for the description of the group (inclusion of other financial sectors (OFS), non-controlled participations (NCP))</li> </ul>

	<p>and non-EEA entities in the group</p> <ul style="list-style-type: none"> <li>• D14: not relevant for groups</li> <li>• D15: not relevant for groups</li> <li>• D17: please answer here carefully and notably do not forget to put "yes" in case the group includes a solo entity that should be considered as a RFF "as a whole" as the level of the group (see explanation in SF.RFF)</li> <li>• D21 : please indicate the currency of group prudential balance sheet (only one currency should be used even if group's entities are located in different currency areas)</li> <li>• D23 : country where the parent undertaking is located</li> <li>• D24 : insurance supervisory authority responsible for group supervision under Solvency I</li> <li>• D25: Fill in the registration number assigned by your group supervisor if there is one</li> <li>• D29 :not relevant for groups so the answer should be "No" for groups</li> </ul>
I.Group coverage	<ul style="list-style-type: none"> <li>• Please provide here information on the group, as currently calculated for supplementary supervision under Solvency I and/or accounting purposes</li> <li>• The term "revenues" should be understood as : <ul style="list-style-type: none"> <li>○ Earned premiums for insurance entities ('net revenues' is after elimination of reinsurance)</li> <li>○ Turn-over for other financial sectors</li> </ul> </li> <li>• C23: Please fill in the market value of assets from insurance activities</li> <li>• F13-F14-F15 : information of coverage of the group for QIS5 purpose should not be forgotten as it is an indicator of practicability/level of preparation to QIS5 and Solvency II</li> </ul>
I.Valuation	<ul style="list-style-type: none"> <li>• The BS is first consolidated on the insurance scope of the group: solo principles on valuation and classification of items apply but other lines have to be completed for group information (minority interests and other financial sectors).</li> <li>• F140-L140 : Value of minority interests stemming from applying a "look-through approach", that is a full consolidation method, when the group's participation in an (re)insurer is a relationship of control according to the definition of the proposal directive (Art.13) shown in balance sheet published in reference year</li> <li>• To the insurance BS including minority interests, balance sheet of OFS is simply "added" by adding assets and liabilities of OFS, valued according to their relevant rules (so no adjustment for valorisation issue is required): <ul style="list-style-type: none"> <li>○ Lines 100 and 102 have to be completed with OFS liabilities and OFS own funds</li> <li>○ Line 62 is directly calculated : OFS assets should indeed be the sum of OFS liabilities and assets own funds</li> <li>○ Then you can note that line 104 represents only insurance own funds</li> </ul> </li> <li>• Template line 145 to 147 : as transitional measures are also valuable for groups, please fill in that template</li> <li>• Part 5 (line 212 and above) on intra-group adjustments is not relevant for groups as intra-group transactions have been already eliminated in the consolidated balance sheet</li> </ul>
I.Current situation	<ul style="list-style-type: none"> <li>• D15: please specify the method used for the calculation of the required solvency margin, under the present Solvency I regime (Annex I of Directive 98/78/EC)</li> <li>• D10-D11-D12 : please put the adjusted solvency margin</li> </ul>

	<p>calculated through method indicated in D15 (on the whole scope of the group, including non-insurance entities if there is some)</p> <ul style="list-style-type: none"> <li>• D13: please put all eligible own funds as calculated through method indicated in D15</li> <li>• D14: do not filled in that cell, not relevant under Solvency I for groups</li> <li>• Parts 2 and 3 : data collected here refer to insurance part of the group</li> </ul>
I.SF.RFF	<ul style="list-style-type: none"> <li>• If one solo (re)insurance entity included in the scope of the group is fully constituted of one ring fenced fund (RFF) then it should be considered as a RFF at group level and therefore dealt with in that tab (even if at solo level and for solo spreadsheet no adjustment had to be made as the whole activity was exercised via the RFF). For more information please refer to section SCR.11 and paragraph G.117-G.121 of the technical specifications as well as to the solo manual.</li> </ul>
I.Group OFS	<ul style="list-style-type: none"> <li>• That tab gathers relevant information to compile the global sectoral capital requirement of other financial sectors than insurance: the aim is to determine eligible own funds and capita requirement (<math>SCR_{OFS}</math>) of other financial sectors.</li> <li>• For that, please fill in data for lines 11 and above, for each other financial sector entity or for a subgroup of financial entities if relevant (in that case, the subgroup constitutes one line and you are asked to indicate in column D number of entities in that subgroup; individual entities are then not indicated individually in the table to avoid double accounting)</li> <li>• The calculation of eligible own funds and <math>SCR_{OFS}</math> is then compiled directly by summing up entities with weighting by proportional share</li> <li>• Columns A and C and E, lines 11 and above : for each other financial sector entity, please fill type of activity, name of the entity and % of participation of the parent undertaking in the entity</li> <li>• Columns F, G and H, lines 11 and above: amounts of sectoral or notional (if there is no sectoral requirement then a notional requirement should be calculated, please refer to TS G.43) capital requirement and eligible own funds should be evaluated according to the relevant sectoral valuation and prudential rules.</li> </ul>
I.Group NCP	<ul style="list-style-type: none"> <li>• That tab gathers relevant information to compile the capital requirement of insurance non-controlled participation, so called <math>SCR_{NCP}</math> (note that no information on eligible own funds is asked here as these participations are included in the insurance group balance sheet and then their own funds already appears in the global insurance own funds)</li> <li>• Please provide data for each NCP, the calculation of <math>SCR_{NCP}</math> being made automatically by summing up after weighting by proportional share</li> <li>• Columns A and C and D, lines 11 and above : for each NCP, please fill in type of activity, name of the entity and % of participation of the parent undertaking in the entity</li> <li>• Columns E and F, lines 11 and above: please provide capital requirement computed both under Solvency I and Solvency I (for SPV please refer to TS G33)</li> </ul>
I.Group Overview	<ul style="list-style-type: none"> <li>• Contrary to the solo overview, the group overview tab is not entirely automatically filled in as there are constraints on availability and eligibility of group own funds to be taken into consideration and then output data will be filled in "manually" by</li> </ul>

	<p>the group</p> <ul style="list-style-type: none"> <li>• The full description of process to determine eligible own funds is described in TS G.2.6 and then will not be further described in that manual. Only output cells to be filled in are indicated above. Please follow the order of next paragraphs to complete the tab.</li> <li>• Part 7 deals with availability of own funds : constraints on availability are to be considered each time a solo own funds item cannot be considered available to absorb losses in the rest of the group. In this template the possible non-available own are reputed to be either minority interest, or ring fenced funds or they belong to category "others" (see for more details on non available own funds G.80 of the TS.). <ul style="list-style-type: none"> <li>○ Please keep in mind that template is for own funds without transitional measures</li> <li>○ First please begin to identify the category "others": please pay attention to include in it all relevant own funds.</li> <li>○ Keep in mind that information per tier is necessary as eligibility constraints will be applicated after availability constraints</li> <li>○ Lines 74-75-76 : please provide decomposition of total insurance group own funds (as indicated on the group balance sheet and in cell F73) into tiers for the three categories (cell I73 is directly filled in and allow for the check in J73)</li> <li>○ Lines 78-79-80: please provide decomposition of total available insurance own funds, that means after deduction of all non-available own funds.</li> </ul> </li> <li>• Part 2 deals with eligibility of own funds : the own funds identified in line 77 can now be reduced, if relevant, for eligibility constraints. <ul style="list-style-type: none"> <li>○ For consolidation method, eligibility constraints are assessed at group level, that means to <math>SCR^* + SCR_{NCP}</math></li> <li>○ For deduction and aggregation, eligibility constraints are applicated at solo level, that means on solo SCR</li> <li>○ Please provide that information both with and without transitional measures on own funds</li> </ul> </li> <li>• Part 1 deals with group solvency assessment, only possible after having determined group eligible own funds as described in parts 7 and 2. <ul style="list-style-type: none"> <li>○ For consolidation method and deduction and aggregation with solvency II rules data are automatically completed</li> <li>○ For the 3 others method please provide "manually" the information (lines 11-12-13, columns F and G, see next paragraph for combination method)</li> </ul> </li> <li>• Part 4 is automatically completed but you are invited to provide, if relevant, results coming from any combination method</li> </ul>
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### **Group "as collection of solo entities"**

34. This chapter handles the correct treatment of data that is derived from the solo spreadsheets
35. *D.dataset* has to be filled in "manually" with solo data for columns after column H: for each (re) insurance entity included in the scope of the group

for QIS5 exercise, a separate column has to be added. This column should be copied from the solo *D.dataset* tab (copy, paste special, values) in the spreadsheet completed for the related (re)insurance undertaking and then pasted in the *D.dataset* of the group spreadsheet.

36. The spreadsheet will directly process the calculation for deduction and aggregation method, which results are given in the *G.Group overview table*.

## **Submission of the spreadsheet**

37. The spreadsheet for group including datasets for non-EEA (re)insurance undertakings should be submitted to lead supervisor responsible for the group supervision of the group. As already indicated, no solo spreadsheet has to be sent to the lead supervisor, even for non-EEA countries.
38. National supervisors will specify the precise form of submission. Insurers are encouraged to submit not only the completed QIS5 spreadsheet, but also any Helper tabs and similar programmes used to complete the main spreadsheet. These data greatly assist an assessment of the submission by the supervisor, and also, importantly, a productive feed back of the findings to the individual insurers.
39. Insurers are also reminded to submit the qualitative questionnaires. These also provide further opportunity to submit any comments the insurer may have.

# Annex

Name of the table	Aim of the table	Group	EEA solo (re)insurance undertaking	non-EEA solo (re)insurance undertaking
P.Participant	Participant information	y	y	y
G.Group coverage	Structural informations on groups submission coverage	y	n	n
I.Valuation	Valuation information on the current and QIS5 balance sheets	y	y	y
	including part 5 on intra-group transactions	n	y	y
I.Assets	Detailed information on assets excluding participations	y	y	possible
I.Participations	Detailed information on participations	n	y	n
I.Own funds item details	Detailed information own funds	y	y	n
I.Current situation	Current solvency position and provisions	y	y	y (local rules)
I.Premiums	Detailed breakdown of premiums	y	y	y
I.QIS5 insurance obligations	Valuation information on QIS5 insurance obligations	y	y	y
I.Geographical diversification	Information on geographical diversification (non-life and health non-SLT)	y	y	y
SF.SCR_G	The standard formula for the SCR according to the QIS5 model	y	y	y
SF.RFF	For ring fenced funds: Adjustments on SCR and eligible own funds	y	y	y
SF.MCR_G	The QIS5 MCR model	n	y	n
I.SCR adjusted	Information on SCR adjusted for intra-group transactions	n	y	y
Group information on other financial sectors and IORPs	Group information on other financial sectors and IORPs	y	n	n
Group informations on non controlled participations	Group information on non controlled participations	y	n	n
IM.Internal model results	Internal model results compared to the Standard formula	y	y	possible
IM.Internal model parameters	Internal model parameters	y	y	possible
IM."blank" sheet results	Internal model results based on internal model structure	y	y	possible
IM."blank" sheet parameters	Internal model parameters based on internal model structure	y	y	possible
O.Overview	Overview of results	y	y	y
O. Group Overview	Overview of group results	y	n	n
G. Group details on the aggregation	Details on the aggregation of group data from solo content	filled automatically	n	n
D.Dataset	Centralisation of the available information	filled automatically	filled automatically	filled automatically
0.Language	Used language and language selector (optional)	filled automatically	filled automatically	filled automatically
QIS5.Lang.EN	Variable number of language packs	filled automatically	filled automatically	filled automatically