

ACTUARIAL ASSOCIATION OF EUROPE (AAE) COMMENTS ON EIOPA'S CONSULTATION PAPER CP 19-004 ON INCREASED PROPORTIONALITY OF SUPERVISORY REPORTING AND PUBLIC DISCLOSURE

The AAE submission in response to this consultation is focussed on issues of actuarial relevance. Our comments, as well as the consultation package, are subdivided into the following three parts:

- Solvency and Financial Condition Report (SFCR)
- Financial Stability Reporting
- Quantitative Reporting Templates (QRTs)

On SFCRs, we agree with the proposed new structure and we also welcome the extension of the timeline by two weeks. We think the proposed standardised scenarios are valuable but the number of scenarios should be reduced and their relevance for undertakings should be further considered. For instance, it may not be possible for all undertakings that the granularity of data required to meet the requirements proposed in relation to underwriting performance will be available.

On Financial Stability Reporting, we acknowledge the value of a consistent calculation of asset and liability duration. We argue that required scenarios should be the same as those already required for SFCR.

With regards to QRTs, there are a number of areas where we are concerned that the additional requirements proposed would be very difficult for undertakings to implement in addition to the current extensive reporting, and may be limited in the value they can add. The associated difficulty may in particular relate to data availability at the level required to fulfil the granularity of proposed requirements. Some relevant elements of the proposals include:

- For internal model users, where the internal model covers risks not considered in the Standard Formula, requirements to fill in templates based on the Standard Formula
- In the proposed changes of the variation analysis, comparing best estimates to actual experience within a period of one year (and providing the data with the required granularity)
- Completion by non-life undertakings of the relevant life insurance template in cases where annuities stem from non-life business

Given that Solvency II is a principle-based system, we recommend the use of narrative reporting in order to assess the solvency position of an undertaking.

We agree that the introduction of a template for cyber risk may be appropriate but suggest that the granularity should be reduced.

18 October 2019