Comments Template on EIOPA-CP-21-001 Consultation on the amendments and corrections to the Implementing Regulation (EU) 2015/2450 with regard to the templates for the submission of information to the supervisory authorities and to the Commission Implementing Regulation (EU) 2015/2452, laying down implementing technical standards with regard to the procedures, formats and templates of the SFCR				Deadline 17/10/2021 23:59 CET
Company name:				
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.			Public/Confidential (please select)
Please follow the instructions for filling in the template: ⇨ Leave the last column empty				
Main Reference	**Sub Reference (only if applicable)**	**Solo/Group/Both**	**Comment**	**Public/Confidential**
Sustainable finance questions	1. Do you consider relevant to introduce a materiality threshold for the reporting requirement on the share of sustainable investments for undertakings not subject to the Non-Financial Reporting Directive (NFRD)? If so, which threshold would you propose?	Both	The requirement to identify and report on exposures to sustainable investments is new and could therefore prove to be quite onerous for firms who do not currently have access to such information. Therefore a materiality threshold would be welcome. Ideally this threshold would exempt smaller firms who may struggle most to obtain the required information. The threshold for Financial Stability Reporting might serve as a useful starting point. Over time, as insurance companies and fund managers develop their asset information to identify such exposures, the scope could be extended to cover more companies. Another threshold may be to exempt certain lines of business such as unit-linked business where insurers do not invest directly in sustainable investments but only have second order exposures via charges on funds. Another option might be to align requirements and thresholds with other EU requirements in this space e.g. Corporate Sustainability Reporting Directive. Generally, it should be taken into account that excessive reporting requirements will lead to additionnal costs and then to counter-productive incentives for policyholders.	
Sustainable finance questions	2. Do you consider relevant to introduce a materiality threshold for reporting the share of investments exposed to climate change-related transition risk? If so, which threshold would you propose?	Both	The requirement to identify and report on exposures to transition risks is new and could therefore prove to be quite onerous for firms who do not currently have access to such information. Therefore a materiality threshold would be welcome. Ideally this threshold would exempt smaller firms who may struggle most to obtain the required information. The threshold for Financial Stability Reporting might serve as a useful starting point. Another threshold may be to exempt certain lines of business such as unit-linked business where insurers do not invest directly in sustainable investments but only have second order exposures via charges on funds. Over time, as insurance companies and fund managers develop their asset information to identify such exposures, the scope could be extended to cover more companies.	
Sustainable finance questions	3. What could be a methodology for standardised reporting of climate change-related physical risk exposure for other investments than property?	Both	Having insurers report on climate related physical risk exposures for all assets recognises that a risk exposure exists. It also allows better comparability between insurers than simply reporting on property exposures alone. Therefore while we are broadly supportive of reporting these exposures we note that if this reporting is not standardised then it will have limited use to regulators or other users of the data. Indeed there may be a disincentive to insurers who make the most effort to look-through and understand their exposures to climate change related physical risks. For emerging and sometimes complex risk exposures it can be particularly difficult to develop a comprehensive standardised approach to reporting on risk exposures. Therefore while an impact could be estimated using VAR methodologies, or estimated based on a pathway with low levels of mitigation (e.g. over 3 degree global warming), it may be more appropriate to band the risk exposures together using a qualitative risk assessment approach. For example, large bands, whereby assets with particular sensitivities (e.g. businesses based on low-lying islands where the value may fall to zero) are easily distinguished from those of more typical, well diversified exposures. However adequate guidance should be given to ensure consistent application across insurers, and a simplified approach should be allowed for life insurers with extensive investment exposures.	
Sustainable finance questions	4. Do you consider relevant to introduce a materiality threshold for reporting the share of investments exposed to climate change-related risk? If so, which threshold would you propose?	Both	The requirement to identify and report on exposures to climate risks is new and could therefore prove to be quite onerous for firms who do not currently have access to such information. Therefore a materiality threshold would be welcome. Ideally this threshold would exempt smaller firms who may struggle most to obtain the required information. The threshold for Financial Stability Reporting might serve as a useful starting point. Another threshold may be to exempt certain lines of business such as unit-linked business where insurers do not invest directly in sustainable investments but only have second order exposures via charges on funds.Over time, as insurance companies and fund managers develop their asset information to identify such exposures, the scope could be extended to cover more companies.	
Sustainable finance questions		Both	Investments exposed to physical risk - Requires reporting of latitude & longitude or country ISO Alpha 1 +postal code + city + streetname and number. Sourcing this data may be a challenge (especially for unit-linked insurers or investments in property funds). - Report the share of investments exposed to physical risk as % total investments. Not limited to properties however; how would non-property investments exposed to physical risk be identified?	
Sustainable finance questions			More guidance on how to identify climate risks and sustainable investments and how to identify the proportion of individual investments that may only have some degree of sustainability/climate risk exposure is needed. As things stand, the proposals seem to be quite vague and could result in inconsistent treatment of the same asset across firms.	
LAC DT	Do you agree with the proposed threshold?	Both	It would be useful to understand the basis of the proposed threshold - is this based on an analysis to target a certain proportion of companies? We propose to adjust the SCR for the impact of the LAC DT, ie, replace 10% * SCR with 10% * (SCR - LACDT). The SCR without LACDT would be a more natural measure to assess the relative impact of netDTA and netDTL	

LAC DT	Other	Both	Could you confirm why post-stress DTA and DTL figures are required in S.XX.01? Projections of future profits and tax positions as per the other LACDT templates are far more relevant when assessing LAC DT than quoting stressed balance sheet figures at a point in time. Furthermore, LAC DT will be required to reflect the net future DTA/DTL position post shock so why would each need to be assessed separately? With regard to the scope: we seek clarification that the proposed templates are only applicable at solo level.	
LAC DT	Other	Both	The main goal of LAC DT (recoverability test reporting) is to check whether, after a loss, sufficient taxable profits are available to offset the loss. The proposed QRTs ask for information that may go beyond this purpose. In many cases, the QRT asks for a level of detail that may not present a clear added value for LAC DT calculation	
LAC DT	Other	Both	S.25.XX.01.04: the split between post-stress temporary differences (R0400) vs. unused tax losses (R0410) may be merely theoretical. E.g. a market shock can lead to a temporary difference (e.g. shocked assets are held to maturity and the temporary difference reverses) or can lead to a tax loss (e.g. shocked assets are sold and an asset with a similar yield is bought, after which the tax loss recovers), in both cases the recoverability test is identical.	
LAC DT	Other	Both	S.XX.02.01.02 & S.XX.03.01.02: average investment return is not always useful as some parts of the investment return may not be taxed and therefore do not impact recoverability e.g. value gains of shares under Belgian fiscal legislation. Excess return on top of return recognized in SII BS would provide more insight next to the specific tax regimes	
LAC DT	Other	Both	S.XX.02.01.04 & S.XX.03.01.04: oThe distinction between carry-forward (R0500) vs. fiscal losses (R0530) may be merely theoretical (cf. comment made on S.25.XX.01.04) oThe formula provided in the instructions may need to be corrected to R0560 = R0530 * R0100 + R0540	
LAC DT	Other	**Both**	The paragraphs above only provide some examples of data which may not be directly needed for the purposes of understanding LAC DT. In order to obtain a useful reporting – if additional tables are required at all – the focus could be on (post-stress) taxable P&L projections, e.g. split in 2-3 lines between life & non-life (+ investment returns). This would provide a shorter reporting with useful insights on the recoverability test, leaving out information that is not directly related to LAC DT. It could be interesting to think about reportings aiming at strenghtening harmonisation across EU, considering relevant national specifics. The LAC DT is indeed one major difference between countries (beyond local tax regulation)	
Group reporting questions		Both	In relation to the options set out for S.37.01 in connection with reporting risk concentrations, we agree that there is an issue that needs to be addressed. However, each of the options has some drawbacks as called out by EIOPA. Option 2 may be the most appropriate method if EIOPA were to specify the simulations/scenarios to test.	
Financial stability guidelines		Both	In terms of the duration to be reported in S.38.01, there is a general view that reporting both effective and modified duration may be unnecessary (and time consuming) and that only the most relevant duration calculation should be reported for each group of liabilities.	
Reporting	S.05.01	Both	In the reports S.04 and S.05 there is a new requiment for them item 'Premiums written' - Amount of taxes or charges should be excluded from the written premiums. Could you elaborate on what kind of charges should be excluded? Risk charges? Administration? *If all possible charges are excluded from premium, the sum could not be classified as insurance premium under IFRS 17 anymore resulting in blank report.(proposal: cancel text in italic)*	
Reporting	S.05.01	Both	Item 'Premiums earned': This template shall be reported from an accounting perspective. Future IFRS17 accounting standard will not have the notions as unearned premium provision or gross written premium. How directive 91/674/EEC is connected with IFRS17 standard in the mean of unearned premiums TP.	
Reporting	S.14.02	Both	More guidance on how to populate the climate risk information may be required to ensure this is being treated consistently across the market as there are some areas which are open to interpretation. For example, is the intention that products should be recorded if they cover direct losses to these perils (i.e. property damage losses) or should products which may be subject to ancillary losses as a result of climate change risks also be included?	
Reporting	S.14.03	Both	Similar issues to S.14.02 in respect of the onerousness of gathering the required information; whilst an understanding of Cyber exposure would be valuable, the format of the template may require a significant workload in order to collect the information in the desired format and to determine the level of coverage for each product group.	
Reporting	S.14.03	Both	As with S.14.03, this template may require substantial additional guidance to ensure consistency across the market. Whilst the example provided is useful, there are many more possible scenarios which may need to be clarified individually. Furthermore, the design of the template raises a number of questions, particularly where products include cyber coverage amongs other perils. Reporting premium and technical provisions information at this level may not be possible with current processes and may lead to challenges for some entities to accurately capture this information.	
Reporting	S.14.03	Both	Could you clarify under what circumstances this template should be reported? There is a requirement to report technical provisions; therefore, does this mean that this template will be required until all cyber exposures are fully eliminated, even in run-off situations? As for S.14.02, no materiality threshold is referenced. Is the proposal that this template be reported in case of any exposure to cyber risks, even if this is an immaterial portion of the overall book?	
Reporting	S.29.05	Both	We note the extent of guidance which was produced in respect of the original Variation Analysis templates. The changes to these templates may necessitate similar guidance with worked examples to avoid inconsistencies in how this template is populated.	
Reporting		Both	Some general comments on the proposals are outlined below: 1.The current burden of regulatory reporting is already heavy, as evidenced by the growth in regulatory reporting teams in undertakings. Reporting is also very complex in places, as evidenced by the continued presence of errors and omissions in QRTs, inconsistency in approach and the need for clarifications in EIOPA QAs. Therefore, regulatory reporting already presents a non-trivial overhead for undertakings. 2.With this in mind, any expansion of reporting should address a specific, relevant and material regulatory need, as opposed to being a “nice to have”. The requirements in relation to LACDT would seem to be a “nice to have” as regulators will engage directly with undertakings where there is a specific concern about LACDT calculations (which have scope for subjectivity). 3.The utility and reliability of regulatory reporting relies on undertakings taking a consistent approach. With this in mind, any reporting that relies on an element of subjectivity should be avoided, unless guidance can be provided to ensure consistency of approach between undertakings. Any requirement to allocate data to cyber or climate change might fall into this category. 4.Perhaps there is a risk of “regulatory reporting inflation” whereby the burden of reporting increases unconstrained over time. We acknowledge the need for the regulatory reporting requirements to evolve over time to reflect emerging issues and risks such as climate change and cyber. However, it might be prudent for the regulatory review process to also consider the decommissioning of any QRTs that are not currently being materially relied upon by regulators or other stakeholders, particularly where those QRTs are particularly data intensive, complex or subjective. Examples of some QRTs which create a disproportionate workload for undertakings include S.20.01, S.21.01 and S.21.03. 5. In the context of the above comments regarding increasing regulatory reporting requirements, we note the increasing number of ad-hoc exercises and impact assessments which require the provision of significant data to EIOPA. A recent example of such an exercise is the Non-Life Underwriting Risk Comparative Study in Internal Models. Whilst such exercises may only affect some undertakings, we note that the comments regarding increasing regulatory reporting requirements also extend to such data collection exercises given the resources they consume. 6.Related to this, we strongly support the concept of unambiguously defined reporting thresholds. We would initially recommend higher thresholds rather than low thresholds, on the basis that thresholds may be lowered later, thereby providing somewhat of a transitional measure. 7. In this regard, we note the references to proportionality in the documentation and the reduced requirements for captive undertakings in the ITS. Whilst this reduction in the level of reporting would be welcomed by smaller undertakings, we note that the definition included in the ITS is quite narrow in this regard, and on this basis there would remain a significant number of smaller entities who are subject to disproportionate resources and expenditure to meet the reporting requirements. Additional metrics for smaller entities to be excluded from more data intensive QRTs should be considered, such as the volume of premium, technical provisions or assets.	