

Comments Template on CEIOPS-CP 58 Consultation Paper on the Draft L2 Advice on Supervisory reporting and disclosure		Deadline 11.09.2009 4 p.m. CET
Name of Company:	European Insurance CFO Forum	
Disclosure of comments:	<p>CEIOPS will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>Please indicate if your comments should be treated as confidential:</p>	<p>No. The CFO Forum comments are not confidential.</p>
<p>Please follow the following instructions for filling in the template:</p> <p style="padding-left: 40px;"><u>Do not change the numbering</u> in the column "reference".</p> <p style="padding-left: 40px;">Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>.</p> <p style="padding-left: 40px;">Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below.</p> <p style="padding-left: 40px;">If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies.</p> <p style="padding-left: 40px;">If your comment refers to sub bullets/subparagraphs, please indicate this in the comment itself.</p> <p>Please send the completed template, in Word Format, to secretariat@ceiops.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper No. 58 (CEIOPS-CP-58/09).</p>		
Reference	Comment	
General Comment	<p>The proposals for public (SFCR) and private (RTS) disclosure need to be rebalanced:</p> <p>The report to supervisors is clearly designed to meet the needs of the regulator; however, it is unclear whether a public disclosure document containing essentially the same information, albeit less detailed, will be useful to policyholders or other stakeholders.</p>	

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	<ul style="list-style-type: none"> • The Solvency and Financial Condition Report should be tailored to the needs of users (i.e. policyholders, etc.). The proposed volume of disclosure is a potential barrier to transparency and effective communication, also avoiding confidentiality issues • The option to report a single group-wide SFCR should allow: <ul style="list-style-type: none"> - Focus on the consolidated group disclosures with selected essential information wherever relevant on the solo entities, such as segmental and geographical breakdown of key data. Detailed solo entity level reports in the disclosure document itself or as appendices should not be required. - It should also only be required in one language only (commonly understandable by all the supervisory authorities concerned). <p>The public disclosure document should be a short document that builds on the risk disclosures (if any) in the financial statements allowing for cross references and should provide additional information relating to the solvency position of the company. The CRO Forum prepared a document titled "Public risk disclosure under Solvency II" dated 17 November 2008, which was also shared with the CFO Forum, proposing contents for the SFCR. http://www.croforum.org/publications/20081117_resource/File.ecr?fd=true&dn=publicriskdisclosure-croforumproposal2008-11-11_draft_croformat_v2</p> <p>Reporting requirements should be streamlined to essential information to minimise financial impact on policyholders.</p> <p>The basis of the Performance Reporting requirements is unclear and the disclosure of a P&L (proposed templates – C2) mixing statutory and economic principles (discounted reserves, unwinding of discount) is confusing</p> <ul style="list-style-type: none"> - Performance reporting should be based on existing reporting frameworks – either management’s view or published financial statements in order to avoid confusion in terms of financial communication and avoid undue costs. - Movement analyses focusing on certain areas of the economic balance sheet between two annual reporting periods explaining main changes in available financial resources could be part of the private reporting to supervisors. 	

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	The reporting timescales are too aggressive.	
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3.1.	Proposed combined reporting between group and solo entities should increase reporting efficiencies.	

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	<p>The CFO Forum considers it appropriate that the reporting proposals for groups and for solo entities have been combined. This offers the opportunity to maximise reporting efficiencies for firms with an international group character. However it should be noted that it is not appropriate to require the same level of detail from groups as from solo entities. For example, the group reporting shall not include details on each line of business but should contain information at business class level, such as non-life, life and health care.</p> <p>In addition, more time should be allowed to produce the group reporting compared to solo entity reporting.</p> <p>Moreover, the interaction of group and solo reporting has to be clarified. Double reporting on group and solo level should be avoided.</p> <p>Finally, solo related data should be limited to key information in one language only.</p> <p>Comments in 3.31 are also relevant here.</p>	
3.2.		
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3.5.	<p>“Prompt disclosure of relevant risk information” should reduce the reliance on excessively detailed regular reporting.</p> <p>The CFO Forum view the need for “prompt disclosure of relevant risk information” as a requirement that supports an approach which makes use of targeted ad hoc information in response to specific circumstances, rather than relying on excessively detailed regular reporting.</p>	
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3.18.	<p>Costs and benefits analysis should influence reporting requirements.</p> <p>The CFO Forum strongly agrees with the statement that "it is important that costs and benefits of the proposals for all parties are assessed to influence the policy developments".</p>	
3.19.		
3.20.		
3.21.	<p>Objectives for compatibility of valuation and reporting rules with IFRS and efficient supervision of group undertakings are welcomed.</p> <p>The CFO Forum strongly agrees with the stated objectives for CEIOPS' proposals, in particular to "promote compatibility of valuation and reporting rules with the international accounting standards elaborated by the IASB" and to "ensure efficient supervision of insurance groups and financial conglomerates". Consistency with IFRS should not, however, result in a move away from an economic valuation measurement basis under Solvency II.</p>	
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3.28.	Comments in 3.31 are also relevant here.	
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3.31.	<p>The CFO Forum appreciates that in order for the RTS and SFCR to be well co-ordinated, the structure and presentation of the public and private information will need to be closely matched. However, the two reports should be different in terms of volume with the SFCR being more concise.</p> <p>To support efficiency, the CFO Forum agrees that the RTS should include relevant content from other public or private communication material as appropriate. An important element of the RTS will be the content of the SFCR. In order for this co-ordination of information to work efficiently, the structure and presentation of the public and private information will need to be closely matched but the public disclosure should be much more concise.</p>	
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3.38.	<p>A process for ad hoc disclosure requests is required including timeframe and justification of information requested.</p> <p>The CFO Forum supports the importance of ad-hoc information to supervisors in specific or unusual circumstances. However it is considered important that an agreed process is established for such requests, requiring advanced communication to explain and justify the information need and requiring a pre-agreed timescale for delivery, which may depend on availability of the information within the</p>	

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	undertaking.	
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3.46.	The CFO Forum agrees with the adoption of the IAS definition of materiality and particularly supports the practical implications of having a pre-defined "threshold or cut-off point" relevant for the undertaking to keep reporting focussed on key risks and issues. This is relevant for both the SFCR and RTS.	
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3.55.	The CFO Forum strongly supports a single group-wide SFCR and considers that an equivalent approach should be adopted for the RTS. The CFO Forum strongly supports the provision that "a participating insurance or reinsurance undertaking or insurance holding company shall be allowed to provide a single group-wide SFCR	

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	subject to the agreement of the group supervisor". It considers that an equivalent approach should also be adopted for the RTS.	
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3.63.	<p>Paragraph 3.64 is inconsistent with this paragraph.</p> <p>The CFO Forum notes that the Level 1 text permits undertakings to make use of – or refer to – information already available in the public domain in order to ensure that there is no duplication of effort for undertakings in producing these (SFCR) disclosures. This is inconsistent with paragraph 3.64 which requires replication of such information in full.</p>	
3.64.	<p>The proposal is inconsistent with the corresponding Level 1 text. Full replication of publicly available information, in the SFCR, should be undertaken when the information is not easily accessible.</p> <p>The CFO Forum notes that the proposal made here is inconsistent with the Level 1 text as described in paragraph 3.63. Article 52(3) in the Level 1 text permits undertakings to, in the SFCR, to "make use of - or refer to" equivalent information already available in the public domain. To avoid an additional significant burden on undertakings or groups, we would recommend the possibility to refer to such information in the disclosure documents, at least if such is readily accessible, rather than having to "replicate such information in full" as stated in 3.74.</p> <p>Article 50(1) of the Level 1 text states about the SFCR: "That report shall contain the following information, either in full or by way of references to equivalent information, both in nature and scope, disclosed under other legal or regulatory requirements".</p>	

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	We are strongly opposed to CEIOPS view expressed in 3.64 and 3.74 that the information supplied to CEIOPS shall be "replicated in full". This contradicts the intentions of the Level 1 text.	
3.65.	Comments in 3.64 are also relevant here.	
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3.73.	The CFO Forum supports the points made in this paragraph.	
3.74.	<p>Existing public disclosures provided by the undertaking should be referred to in the SFCR and RTS disclosures consistent with the Directive.</p> <p>Given the technologies available it is inappropriate to propose that the same information should be repeated in three or four different reports and that all should be available in hardcopy in any circumstances.</p> <p>To be consistent with the Directive, insurers should be able to rely on existing public disclosures, without copying, subject to sufficient explanation of timing differences and reconciliation features.</p>	
3.75.		
3.76.	<p>Companies should be permitted to disclose information provided by the supervisor.</p> <p>Public disclosure of confidential information sent by the supervisory authority to the undertaking should be allowed, without prior permission from the supervisory authority, to the extent required by law, regulation, court order, or by the rules of any applicable stock exchange or similar.</p>	

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3.77.	We suggest the word "specific" be removed.	
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3.82.	<p>Additional information requirements should be kept to a minimum and the SFCR information should be consistent with financial reporting requirements.</p> <p>The CFO Forum appreciates that for listed companies the public disclosure requirements related to the solvency framework add to existing requirements under IAS 1 for capital disclosure and IFRS 4 and IFRS 7 for general disclosure.</p> <p>Additional information requirements should be kept to a minimum and the SFCR information should be consistent with financial reporting requirements.</p>	
3.83.		
3.84.		
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3.86.	<p>Differences between the internal model and the standard formula are commercially sensitive and should not be publicly disclosed.</p> <p>Section E.4: It is agreed that the differences between the internal model and the standard formula is valuable information for the supervisors. The CFO Forum disagrees with the proposal to have this information publicly disclosed as it includes commercially sensitive information on risk asset mixes and the underwriting policy of the company. The relevant information for the public is already included in the SCR disclosure. Given above, the current E4. proposal does not incentivise the use of an internal model.</p> <p>Sections C8-C11 replicate information in sections C1-C7.</p>	

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	The first seven sections look at different types of risk whilst C8-C11 collates essentially the same information under different headings. Similarly C5 on ALM is not necessarily managed as a separate risk but as a component of overall investment strategy. Companies should not be required to provide duplicate information and should be permitted to present all the relevant information in a format that provides the best overview of the risks in the business.	
3.87.		
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3.89.	CEIOPS will need to re-issue more developed quantitative reporting templates for comments. The CFO Forum notes that the quantitative reporting templates, which are intended to support the SFCR and the RTS, are work-in-progress. While the reasons for this are understood, there is some difficulty in responding to the current proposal since it is not yet in the form of an integrated package. A main reason for the difficulty is that the reporting templates often express the practical interpretation of what is intended by the qualitative descriptions.	
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3.96.	Comments in 3.103 are also relevant here.	
3.97.	Comments in 3.104 are also relevant here.	
3.98.	The proposed level of granularity is excessive for the SFCR. The CFO Forum considers that the proposed requirement to detail the undertaking's underwriting	

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	<p>performance by material business line and material geographical area might imply an excessive level of granularity. The Forum also considers the proposal under (c) to provide "information on underwriting expenses...compared to prior years" to be excessive. Historical comparisons should be limited to the immediate prior year.</p> <p>Comments in 3.105 are also relevant here.</p>	
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3.103.	<p>The proposed level of granularity is excessive for the SFCR.</p> <p>The CFO Forum is concerned with the level of granularity of information implied by a) i.e.: split of business by line and country (with changes highlighted).</p> <p>The CFO Forum views the proposed requirement under e) to be excessive. Historical comparisons in relation to development and performance should be limited to the immediate prior year.</p>	
3.104.	<p>Subsidiaries of international groups often include entities unrelated to the transaction of the business and are therefore irrelevant in this context.</p> <p>The CFO Forum considers that the proposed requirement, for groups to provide "all subsidiaries, significant material participations and key branches" to be excessive.</p>	
3.105.	<p>To ensure consistency with 3.98a) it should be clearly stated that underwriting performance should be presented based on an administrative or management body's analysis.</p> <p>The basis of the Performance Reporting requirements is unclear and the disclosure of a P&L (proposed templates – C2) mixing statutory and economic principles (discounted reserves, unwinding of discount) is confusing</p> <ul style="list-style-type: none"> • Performance reporting should be based on existing reporting frameworks (IFRS or else) – either 	

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	<p>management's view or published financial statements in order to avoid confusion in terms of financial communication and avoid undue costs.</p> <ul style="list-style-type: none"> • Setting up an economic profit and loss account would incur a high cost that was not in proportion to the benefit obtained. <p>Movement analyses focusing on certain areas of the economic balance sheet between two annual reporting periods explaining main changes in available financial resources could be part of the private reporting to supervisors.</p>	
3.106.	Comments in 3.105 are also relevant here in respect of investment performance reporting.	
3.107.	Comments in 3.105 and 3.106 are also relevant here in relation to operating/other expenses.	
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3.113.	<p>This requirement is superfluous.</p> <p>The information in 3.112 will be sufficient for supervisory purposes. This comment is also valid for 3.129.</p>	
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3.117.	<p>The ORSA process is commercially sensitive and should not be in the public disclosure.</p> <p>The CFO Forum strongly agrees that the results of the ORSA process should be subject to private but not public disclosure. This is because of the commercial sensitivity of such forward-looking information and projections.</p>	

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	<p>Proposed flexibility in the ORSA reporting is welcomed.</p> <p>The CFO Forum is pleased that CEIOPS are proposing flexibility in the reporting of the ORSA and believes that the points a)-d) will be sufficient for the RTS.</p>	
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3.123.	Comments in 3.137 are also relevant here.	
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3.129.	<p>This requirement is superfluous.</p> <p>The information in 3.112 will be sufficient for supervisory purposes.</p> <p>Comments in 3.113 are also relevant here.</p>	
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3.132.	<p>Information regarding the ORSA should not be publicly disclosed as it can mislead the public and is commercially sensitive.</p> <p>The proposal to publicly disclose information regarding the ORSA should be considered once a formal definition of what the ORSA is has been decided.</p>	

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	Some of the information to be disclosed is already covered through the SFCR, e.g. Risk Governance, while other aspects of the ORSA such as Capital Requirements could potentially be difficult for the public to understand and are commercially sensitive information. We recommend that ORSA related information is only disclosed to the supervisors, and not publicly.	
3.133.		
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3.137.	This proposal is considered irrelevant as under the Level 1 text, there is no requirement for the actuarial function to be "free from influence of other functions or the administrative body".	
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3.142.	Clarification of the purpose of ALM risk in section C6 is required. The CFO Forum request clarification of the reasoning behind the separate categorisation of ALM risk in section C6. It is not clear how this is distinguished from market and underwriting risk.	
3.143.	"Reputational risk" does not need to be a separate category of risk. Rather, the reputational damage is a potential consequence of the risks categorised under underwriting, market, credit, operational and liquidity risk. Reputational risk should not be assessed separately but as a component of the other risk categories.	
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3.145.	Comments in 3.152 are also relevant here.	
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3.152.	<p>The proposed disclosures on material risk exposures are excessive and too commercially sensitive to be included in public disclosures.</p> <p>Requirements in (a) for “details on the nature of the material risk exposures on the undertaking and how these have developed over the past few years” are excessive. Historical comparisons should be limited to the immediate prior year.</p> <p>Clarification is required in relation to the advice given in (d)(i) for “risk arising from financial instruments”.</p> <p>Disclosures under (e) “Off balance sheet transactions or similar arrangements are commercially sensitive and should not be included in public disclosure.</p> <p>Reputational damage is a potential consequence of the risks categorised under underwriting, market, credit, operational and liquidity risk and should not be disclosed in a separate category (g).</p> <p>The proposal under (h) that a description of the way in which group diversification effects are “distributed” among the holdings of the group should not be included in public disclosure because either it refers to the causes of diversification and it is linked to the business strategy, which should not be disclosed; or it deals with capital allocation (distributed among the undertakings) and these relate to business choices of the company that must not be disclosed.</p>	
3.153.		
3.154.	<p>Only high level risk mitigation strategy information should be publicly disclosed.</p> <p>The proposed detailed requests of risk management practices are excessive and contain commercially sensitive information.</p>	

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3.159.	Comments in 3.166 are also relevant here.	
3.160.	<p>The CFO Forum considers part f) of the proposal to be confusing and inconsistent with general practice.</p> <p>The proposal under (f) is confusing. Credit exposure in this context is typically handled via the credit risk assessment and not via adjustments to technical provisions.</p>	
3.161.		
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3.165.	For consistency, IFRS valuations should be used where these are on a current economic basis.	
3.166.	This requirement should be covered under the "Fit and Proper" disclosures and not the Regulatory Balance Sheet disclosures.	
3.167.		
3.168.		
3.169.	<p>Public disclosure documents should not be required to provide commercially sensitive information such as:</p> <p>b) key assumptions and methodologies</p> <p>c) the level of uncertainty associated with the level of technical provisions</p> <p>g) high level information on the effect of management actions</p>	

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	<p>Historical claims data by line of business is commercially sensitive information and should not be included in the public disclosure.</p> <p>The public disclosure document should not be required to provide any information that is potentially commercially sensitive. In general public disclosures should be provided at an aggregated level to give an overview of the business.</p>	
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3.174.	Clarification of what constitutes "applicable and appropriate" group disclosures is required.	
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3.193.	Ancillary own funds requirement (e) is too granular and commercially sensitive for public disclosure. Further the proposed requirement is significant and potentially costly to implement.	
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3.197.	Disclosure of the capital add-ons is not required for 5 years after the introduction of Solvency II. The CFO Forum had understood from the Level 1 text (Article 50) that capital add-ons do not have to be disclosed for up to 5 years. Are the capital add-ons to be disclosed as soon as they are applied or 5 years after being added on?	
3.198.		
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3.201.	Internal model disclosures go beyond the provisions of the Level 1 text. The CFO Forum is concerned that 3.201 and 3.202 go beyond the provisions of the Level 1 text, Article 110 (7): "after having received approval from supervisory authorities to use an internal model, insurance and reinsurance undertakings may, by a decision stating the reasons, be required to provide supervisory authorities with an estimate of the Solvency Capital Requirement determined in accordance with the standard formula".	

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	The CFO Forum believe that in accordance with the Level 1 text, it is only if the supervisor provides a justified request for information that the information should be made available.	
3.202.	Comments in 3.201 are also relevant here.	
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3.207.	The CFO Forum welcomes the principle based disclosure requirements on internal models. In this respect, the requirements in 3.212-3.242 are inappropriate for public disclosure. The majority of these requirements should only be in the RTS. Guidance for the SFCR should be developed in line with Article 50. The CFO Forum recommends that the implementing measures are phrased in terms of information that companies should consider including rather than shall include, to avoid companies having to make unnecessary and irrelevant disclosures. All additional information required by supervisors is included in the RTS.	
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3.212.	Comments in 3.207 are also relevant here.	
3.213.	Comments in 3.207 are also relevant here.	
3.214.	Comments in 3.207 are also relevant here.	
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3.217.	Comments in 3.207 are also relevant here.	

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3.218.	Comments in 3.207 are also relevant here.	
3.219.	Comments in 3.207 are also relevant here.	
3.220.	Comments in 3.207 are also relevant here.	
3.221.	Comments in 3.207 are also relevant here.	
3.222.	Comments in 3.207 are also relevant here.	
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3.238.	Comments in 3.207 are also relevant here.	

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3.239.	Comments in 3.207 are also relevant here.	
3.240.	Comments in 3.207 are also relevant here.	
3.241.	Comments in 3.207 are also relevant here.	
3.242.	Comments in 3.207 are also relevant here.	
3.243.	<p>The level of proposed public disclosure around the internal model is inappropriate, commercially sensitive and should be found only in the RTS.</p> <p>It is unrealistic to suppose that a “knowledgeable person” can get a reasonably good understanding of the design, operational details and reliability of the internal model unless they are an expert in the insurance industry. It is understood that the SFCR is aimed primarily at policyholders as information for supervisors should be in the RTS.</p> <p>.</p>	
3.244.		
3.245.	<p>The level of proposed public disclosure around the internal model is inappropriate, commercially sensitive and should be found only in the RTS.</p> <p>The disclosures set out in paragraphs 3.245-3.262 are appropriate for supervisors and could be included in the RTS, but are too commercially sensitive and will not aid transparency or effective market communication so should not be the basis for the SFCR disclosures.</p>	
3.246.	Comments in 3.245 are also relevant here.	
3.247.	Comments in 3.245 are also relevant here.	
3.248.	Comments in 3.245 are also relevant here.	
3.249.	Comments in 3.245 are also relevant here.	
3.250.	Comments in 3.245 are also relevant here.	
3.251.	Comments in 3.245 are also relevant here.	
3.252.	Comments in 3.245 are also relevant here.	

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3.253.	Comments in 3.245 are also relevant here.	
3.254.	Comments in 3.245 are also relevant here.	
3.255.	Comments in 3.245 are also relevant here.	
3.256.	Comments in 3.245 are also relevant here.	
3.257.	Comments in 3.245 are also relevant here.	
3.258.	Comments in 3.245 are also relevant here.	
3.259.	Comments in 3.245 are also relevant here.	
3.260.	Comments in 3.245 are also relevant here.	
3.261.	Comments in 3.245 are also relevant here.	
3.262.	Comments in 3.245 and 3.197 are also relevant here.	
3.263.		
3.264.		
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3.267.	The CFO Forum request clarification on what is meant by “sub-group level”.	
3.268.	Comments in 3.143 are also relevant here.	
3.269.		
3.270.	Comments in 3.267 are also relevant here.	
3.271.		
3.272.	Comments in 3.279 are also relevant here.	
3.273.	Comments in 3.276 are also relevant here.	

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3.274.		
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3.276.	<p>The CFO Forum propose one language be used for qualitative disclosures.</p> <p>For a cross border group, the CFO Forum believes efficiencies can be gained by disclosing all qualitative information on only one language (internal company language consistent, usually English). This would apply to the SFCR, the RTS and the Quantitative Templates.</p> <p>Solvency II should not include any additional requirements to provide disclosures in alternative languages other than those already required by local national legislation.</p>	
3.277.	Comments in 3.276 are also relevant here.	
3.278.	Comments in 3.276 are also relevant here.	
3.279.	Comments in 3.276 are also relevant here.	
3.280.	Comments in 3.276 are also relevant here.	
3.281.		
3.282.		
3.283.	<p>The RTS and SFCR should not be expected to present the same information differently.</p> <p>On the basis of efficiency, the CFO Forum strongly disagrees with the proposal that similar elements in the RTS and SFCR may need to be presented differently.</p> <p>The CFO Forum would expect the SFCR information to be a subset of the RTS. The RTS would include additional items on a private basis subject to appropriateness, commercial sensitivity, materiality and cost-benefit principles.</p>	
3.284.		
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3.288.		
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3.292.	The CFO Forum recommends that appropriate timescales are discussed and agreed with local regulators.	
3.293.		
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3.297.		
3.298.	Clarification of purpose of ALM risk in section C5 is required. The CFO Forum requests clarification of the reasoning behind the separate categorisation of ALM risk in section C5. It is not clear how this is distinguished from market and underwriting risk.	
3.299.		
3.300.	Comments in 3.64 are also relevant here.	
3.301.	The CFO Forum requests confirmation that forecast data will not be subject to review with the benefit of hindsight. The CFO Forum agrees that forecast data provided in the RTS is to be treated as an estimate by the supervisors. In line with the above, the CFO Forum believes these forecast estimates should not be subject to review with the benefit of hindsight by the relevant authority.	
3.302.	Provision of data under section d) may be onerous to provide. Section d) requires the description of activities and sources of profit and loss by legal entity across the Group and their subsidiaries. The CFO Forum considers this requirement to be unduly onerous and note	

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	that it is not clear what principles would apply under IFRS or other local GAAPs.	
3.303.		
3.304.	Proposed information can only be provided at a generic level. Detailed information relating and the role of each subsidiary with this overall group objectives and strategy can only be provided at a generic level.	
3.305.	The proposal under section a) is not relevant. The requirement to provide information under section a) on underwriting performance by line of business relative to business plan is not relevant. Undertakings could however discuss such issues in meetings with the supervisors. This also applies to 3.306a), 3.397a) and 3.398a) Comments in 3.105 are also relevant here.	
3.306.	The data referenced in the proposal under section b) can only be provided in broad percentage terms. Section b) relates to details on investment expenses incurred over the year compared to expectations of future years. Comments in 3.105 are also relevant here.	
3.307.		
3.308.		
3.309.		
3.310.		
3.311.	Provision of proposed data may be too onerous to provide. Comments in 3.302 are also relevant here	
3.312.		

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3.313.		
3.314.	<p>The above proposal is more than that realistically required to protect policyholders' interests.</p> <p>The CFO Forum disagree with the proposal herein: "The supervisor should be satisfied with how senior management make underwriting decisions and how the performance matches the undertaking or the group's projections".</p>	
3.315.		
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3.322.	The CFO Forum supports the points made in this paragraph.	
3.323.	<p>Evidence available in Board papers and minutes should not be replicated in the RTS.</p> <p>"Evidence of key decisions taken on the basis of management information presented to the administrative or management body" would be available to the supervisors in the board meeting protocols of the undertaking, and is therefore not relevant to publish in the RTS.</p>	
3.324.		
3.325.	<p>ORSA disclosures should be based on materiality.</p> <p>Will the ORSA be published separately as well as being included in the SFCR and RTS?</p> <p>We suggest that "all current and future exposures" is changed to "all current and future material exposures".</p>	
3.326.	The CFO Forum request clarification of the alignment of financial reporting and regulatory	

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	reporting in section a)	
3.327.		
3.328.	The CFO forum request clarification as to what is meant by “internal strategies” in section c) The CFO Forum does not believe it is the role of the internal audit function to control the corporate strategy to be implemented.	
3.329.	The CFO Forum agrees with the role of the actuarial function. The CFO Forum point out it is for each undertaking to determine the relationship between the actuarial and risk functions, ensuring appropriate independence is maintained.	
3.330.		
3.331.		
3.332.	The CFO Forum supports the points made in this paragraph.	
3.333.		
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3.335.		
3.336.	The CFO Forum request further clarification around the definition of the ORSA. Request for further clarification as to what is the formal definition of the ORSA is and its relation to Group strategy.	
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3.343.		
3.344.	Comments in 3.142 are also relevant here.	
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3.364.		
3.365.		
3.366.	The CFO Forum supports the stress testing of own funds over the business planning period determined by the undertaking.	
3.367.	The CFO Forum supports the forecasting of SCR and MCR over the business planning period determined by the undertaking.	
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3.383.	The CFO Forum notes that the term “undiversified capital charges” under section c) is undefined. We recommend that the level 2 implementing measures are updated to include	

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	further clarity as to what falls under this definition.	
3.384.	<p>The CFO Forum does not agree with the proposal that the SCR results should be provided at “the lowest level at which the model is used”.</p> <p>SCR assessments are only meaningful at a level of aggregation consistent with the design and parameterisation of the model. Capital allocation to a more detailed level is useful for certain purposes, e.g. pricing, but is exposed to increased model error and variability that is not present in the regulatory or economic capital assessment.</p>	
3.385.		
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3.392.		
3.393.	The CFO Forum believes that the provision of proposed data under section b) may be onerous to provide.	
3.394.		
3.395.		
3.396.	The CFO Forum is only able to provide information relating to the strategic role of each subsidiary at a generic level.	
3.397.	Comments in 3.305 are also relevant here.	
3.398.	Comments in 3.306 are also relevant here.	
3.399.		

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3.426.	<p>Further clarification is required around the term “capital allocation” under section h).</p> <p>The CFO Forum notes that the term “capital allocation” in relation to regulatory and economic capital is not defined. We recommend that further clarification is included within the level 2 implementing measures to set out what is meant by this term.</p>	
3.427.		
3.428.	Comments in 3.383 and 3.384 are also relevant here.	
3.429.	<p>There is difficulty in responding to the current quantitative reporting templates as they are classified as work-in-progress.</p> <p>The CFO Forum understand that the current quantitative reporting templates are work-in-progress, however, there is associated difficulty in responding to the current proposal as it is not in the form of an integrated package.</p>	
3.430.		
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3.437.		
3.438.	Comments in 3.165 are also relevant here.	
3.439.		
3.440.	<p>Supplementary quantitative reporting templates should be reserved for exceptional cases or scenarios.</p> <p>The CFO Forum recommends any supplementary reporting to be discussed before introduction.</p>	
3.441.		
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3.448.	Comments in 3.440 are also relevant here.	
3.449.		
3.450.		
3.451.	<p>The CFO Forum strongly disagrees with the proposed requirement of a “detailed list of individual investments”.</p> <p>The proposed requirement is excessive.</p> <p>The CFO Forum suggests that either:</p> <ul style="list-style-type: none"> • aggregated information by investment category is adequate, or • during market volatile scenarios, there could be provisional reporting requirements to be undertaken. 	

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3.452.		
3.453.	<p>Additional national templates should be avoided given the operational burden of managing different templates in different countries as experienced with Basel II.</p> <p>To manage the number of templates used, CEIOPS should urge the EC to encourage Member States to adjust any local regulation which insists on the production of additional templates.</p> <p>Comments in 3.440 are also relevant here.</p>	
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3.467.	<p>The proposed reporting timeline for annual reporting is feasible in the long term but flexibility in the early years of implementation will be necessary.</p> <p>The CFO Forum believes the "4 months after financial year-end" deadline for annual reporting to be feasible in the longer term. Given that level 3 guidance will not be available until 2011, development</p>	

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	of improved delivery processes before implementation of Solvency II will not be achievable and additional time will be required in the first few years.	
3.468.		
3.469.		
3.470.		
3.471.	Comments in 3.276 are also relevant here.	
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3.478.	<p>Existing public disclosures provided by the undertaking should be sufficient to be consistent with the Directive.</p> <p>Given the technologies available it is inappropriate to propose that the same information should all be available in hardcopy in any circumstances.</p> <p>Consistent with the Directive, insurers should be able to rely on existing public disclosures, without copying, subject to sufficient explanation of timing differences and reconciliation features.</p>	
3.479.	<p>Existing public disclosures provided by the undertaking should be sufficient to be consistent with the Directive.</p> <p>Given the technologies available it is inappropriate to propose that the same information should all be available in hardcopy in any circumstances.</p> <p>Consistent with the Directive, insurers should be able to rely on existing public disclosures, without copying, subject to sufficient explanation of timing differences and reconciliation features.</p>	

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3.494.	The minimum period should be 4 months after the financial year-end.	
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3.499.	The scope of any external audits in relation to the data should be communicated as early as possible. The CFO Forum highlights that it is important to understand the scope of the external audit	

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	requirements for those relevant data items to ensure effective and efficient solvency supervision.	
3.500.		
3.501.		
3.502.		
3.503.	<p>Any separate quantitative reporting templates for group (draft or otherwise) need to be provided to undertakings as soon as feasibly possible.</p> <p>The CFO Forum highlights it is important to review or receive any separate group quantitative reporting templates as early as possible to determine the IT requirements needed for completion of the template. These include any draft versions available as well.</p>	
3.504.		
3.505.		
3.506.	Comments in 3.467 are also relevant here.	
3.507.	Comments in 3.510 are also relevant here.	
3.508.		
3.509.		
3.510.	<p>Quantitative reporting template deadlines after each quarter end are unrealistic. Instead, template content should be based on a roll forward of the last model run to the respective quarter end.</p> <p>The timelines are unrealistic. It takes more than 3-4 weeks to complete a full re-parameterisation and re-run of the internal model hence it will be impossible to produce quantitative templates in 3-4 weeks after each quarter end.</p> <p>Quantitative reporting templates would need to be based on the last model run being used in the business rolled forward to the quarter end.</p> <p>The proposed timelines of the Q1 quantitative template should be revisited given the</p>	

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	<p>significant increase in work during this period due to year-end full reporting deadlines.</p> <p>Under the proposed timelines, the Q1 quantitative templates are being published at the same time as the year-end full reporting exercise, although the 3-4 months timeline is also unrealistic given that consolidated and local financial reporting takes up most of the first quarter of the year.</p> <p>The timeline should be revisited to be realistic for the significant increase in work that is required by companies and the coincidence with IFRS and local GAAP accounting at the year-end.</p> <p>For multinational groups, the ability to deliver to the proposed reporting timelines is influenced by local regulatory deadlines across the EU.</p> <p>The ability of multinational groups to deliver to the proposed reporting timelines will be influenced by input from overseas territories and their own local reporting timelines. Currently, local regulatory deadlines are not aligned across the EU.</p>	
3.511.	Comments in 3.510 are also relevant here.	
3.512.	Comments in 3.510 are also relevant here.	
3.513.		
3.514.		
3.515.		
3.516.	The CFO Forum strongly agrees that quarterly reporting template figures should not be subject to external audit.	
3.517.	<p>The scope of data that is proposed to be included in an external audit is extensive.</p> <p>The CFO Forum believes the above needs to be considered in context with ensuring an effective yet efficient solvency supervisory process and cost-benefit analysis. Besides it remains unclear whether CEIOPS is considering an audit with an opinion or a review.</p>	

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3.518.	<p>The CFO Forum would like to return to this at a later date to consider further.</p> <p>The distribution of roles and responsibilities should be clearer.</p> <p>Further clarity is required around what is meant by “non-life technical provisions roll forward analysis”</p> <p>The role of the auditor should be restricted to “current information” rather than “planning” or “forecast information”.</p>	
3.519.		
3.520.		
3.521.	<p>The CFO Forum disagree that a) “delays to implementing strategy” and h) “model changes” should be part of the predefined events that need updated reporting. The proposed section a) and h) are inconsistent with CP37 on internal model approval.</p>	
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3.530.	The CFO Forum supports the points made in this paragraph.	
3.531.		
3.532.		
3.533.	The CFO Forum requests examples of what would constitute possible market “enquiries”.	

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3.534.		
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3.538.	Guidance for supervisors is required regarding the interpretation of "where it is considered necessary" to gain information on contracts held by intermediaries.	
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3.541.		
3.542.	The CFO Forum indicates that this proposal needs to be clearly limited to already existing information and records.	
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Annex A		
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Annex B		
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Annex C		
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Annex D	<p>Further guidance and explanations will be required on CEIOPS' intentions and template items.</p> <p>There are considerable obstacles for undertaking to comply with current proposals as they stand as internally used data models may require changes and corresponding lead-time for implementation.</p> <p>Some of the details observed do not particularly fit into an economic value framework for balance sheet and financial reporting processes.</p>	

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A1		
B1		
B2A		
B2B		
B3A		
B3B	Further clarification is required around the treatment of letters of credit and counterparty default risk other than reinsurance.	
B3C		
B3D		
B3E		
B3F		
B4A		
B4Q	What is the definition of "administrative expenses"?	
C1	The CFO Forum considers the proposed requirements to be unclear. Any changes in undertakings' balance sheet data models will require sufficient lead-time.	
C2	<p>The CFO Forum considers that it would be difficult to bring economic investment income and profits into the format proposed. There seems to be a mixture of economic and statutory or GAAP line-items, including items which would not feature in an economic P&L statement.</p> <p>The basis of the Performance Reporting requirements is unclear and the disclosure of a P&L (proposed templates – C2) mixing statutory and economic principles (discounted reserves, unwinding of discount) is confusing</p> <ul style="list-style-type: none"> • Performance reporting should be based on existing reporting frameworks (IFRS or else) – either management's view or published financial statements in order to avoid confusion in terms of 	

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	<p>financial communication and avoid undue costs.</p> <ul style="list-style-type: none"> • While an economic balance sheet is key to Solvency II, we do not see the necessity of a profit and loss account based on economic principles for supervisory purposes. Whereas an economic balance sheet can be derived easily from existing financial statements, setting up an economic profit and loss account would require the implementation of additional accounting and reporting systems and would incur costs that were out of proportion with the benefit obtained. • Movement analyses focusing on certain areas of the economic balance sheet between two annual reporting periods explaining main changes in available financial resources could be part of the private reporting to supervisors 	
D1		
D2		
D3		
D4		
D5		
E1		
E2		
E3		
E4		
E5		
F1		
F2		
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F4		

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F5		
F6		
G1		
G2		
G3		
G4		
H1		
H2		
H3		
H4		
H5		
J1		
J2		
J3		
J4		
J5		
Annex E	The CFO Forum considers that the process for defining “rejected data requirements” should be carried out more rigorously in the interests of achieving the appropriate balance between transparency and cost in the interests of policyholders.	