

## Pillar III – Reporting Deadlines

August 2011



A significant amount of information is now available in relation to Pillar III requirements and reporting deadlines. This briefing note outlines these requirements and the associated timetables.

### INTRODUCTION

Most companies have focused primarily on Pillar I and Pillar II requirements in their Solvency II planning to date. Substantial information is now available on likely Pillar III requirements and it is possible to commence planning and development of data sources and systems to meet the required timetables. This briefing note recaps on the Pillar III requirements that have been published to date and summarises the associated deadlines.

### INFORMATION AVAILABLE

The available information on Pillar III includes:

- Level I - approved Directive
- Level I - latest draft of Omnibus II
- Level I - draft report by ECON<sup>1</sup>
- Level II - EIOPA advice
- Level II - draft Delegated Acts
- Level III - pre-consultation papers

The Level I and Level II texts provide some high-level information regarding disclosure requirements, with the EIOPA<sup>2</sup> advice (formerly CP58) containing the most detailed information regarding supervisory reporting and public disclosure requirements.

The level III pre-consultation papers provide some high-level guidance on the reports required but provide detailed guidance on the Quantitative Reporting Templates.

The draft Level II Delegated Acts and the Level III pre-consultation papers are not publicly available but were circulated to a number of industry bodies

<sup>1</sup> ECON is the European Parliament's Committee on Economic and Monetary Affairs

<sup>2</sup> Formerly CEIOPS

including the CRO Forum, CEA, AMICE, and Groupe Consultatif. In Ireland, copies can be obtained from the Irish Insurance Federation or any of the bodies listed above.

It is currently expected that Omnibus II will be voted on by the European Parliament in February 2012 and will be published in March/April 2012. The draft Level II delegated acts are expected to be published in March/April 2012 and to be approved in September 2012. Level III guidance will not be published until after this date.

### RECAP OF REQUIREMENTS

Information must be provided to the supervisory authority:

- Regularly at predefined periods
- Upon occurrence of predefined events
- During enquiries regarding the situation of an undertaking

The information to be regularly provided includes:

- Solvency and Financial Condition Report ("SFCR")
- Regular Supervisory Report ("RSR")
- Annual and quarterly quantitative reporting templates ("QRT")

Both the SFCR and the RSR contain information on:

- Business and Performance
- System of Governance
- Risk Profile
- Capital Management

The SFCR also contains information on valuation of assets and technical provisions for solvency purposes.

## QUANTITATIVE TEMPLATES

The pre-consultation papers provide Excel quantitative templates and detailed Word documents (termed LOGs) providing a definition, purpose and examples for each cell in the templates.

Templates are provided for annual and quarterly reporting and for both solo and group purposes. It is possible that group reporting might only be required on a semi-annual basis rather than on a quarterly basis. Some annual templates will be publicly disclosed within the SFCR. Additional country specific reports might also be required.

The 46 Solo templates are classified into 7 categories:

- Balance Sheet (3 forms)
- Own Funds (2 forms)
- Capital requirements (12 forms)
- Variation Analysis (3 forms)
- Assets (7 forms)
- Technical Provisions (7 life forms and 8 non life forms)
- Reinsurance (4 forms)

Some of the information required is very detailed and could pose a significant challenge for undertakings. For example, individual security information is required for the asset forms including information such as credit ratings, duration and accrued interest. However, the latest draft report issued by ECON on 27 July suggests that individual listings will not be required.

The capital requirement forms require information on the various risk modules: market, life underwriting, counterparty default etc. The technical provisions forms require some information at a product level and also include two forms that are specific to variable annuities.

In addition, there are 15 group-specific templates covering:

- Scope of the group (1 form)
- Capital requirements (2 forms)
- Technical data (1 form)
- Subordinated Liabilities (1 form)
- Contribution to group figures (3 forms)
- Intra-group concentrations (6 forms)
- Risk concentration (1 form)

EIOPA has also launched a technical consultation on Solvency II XBRL taxonomy, regarding the harmonised data format to be used for the transmission of QRTs, with comments due by 7 September.

## PROPOSED DEADLINES

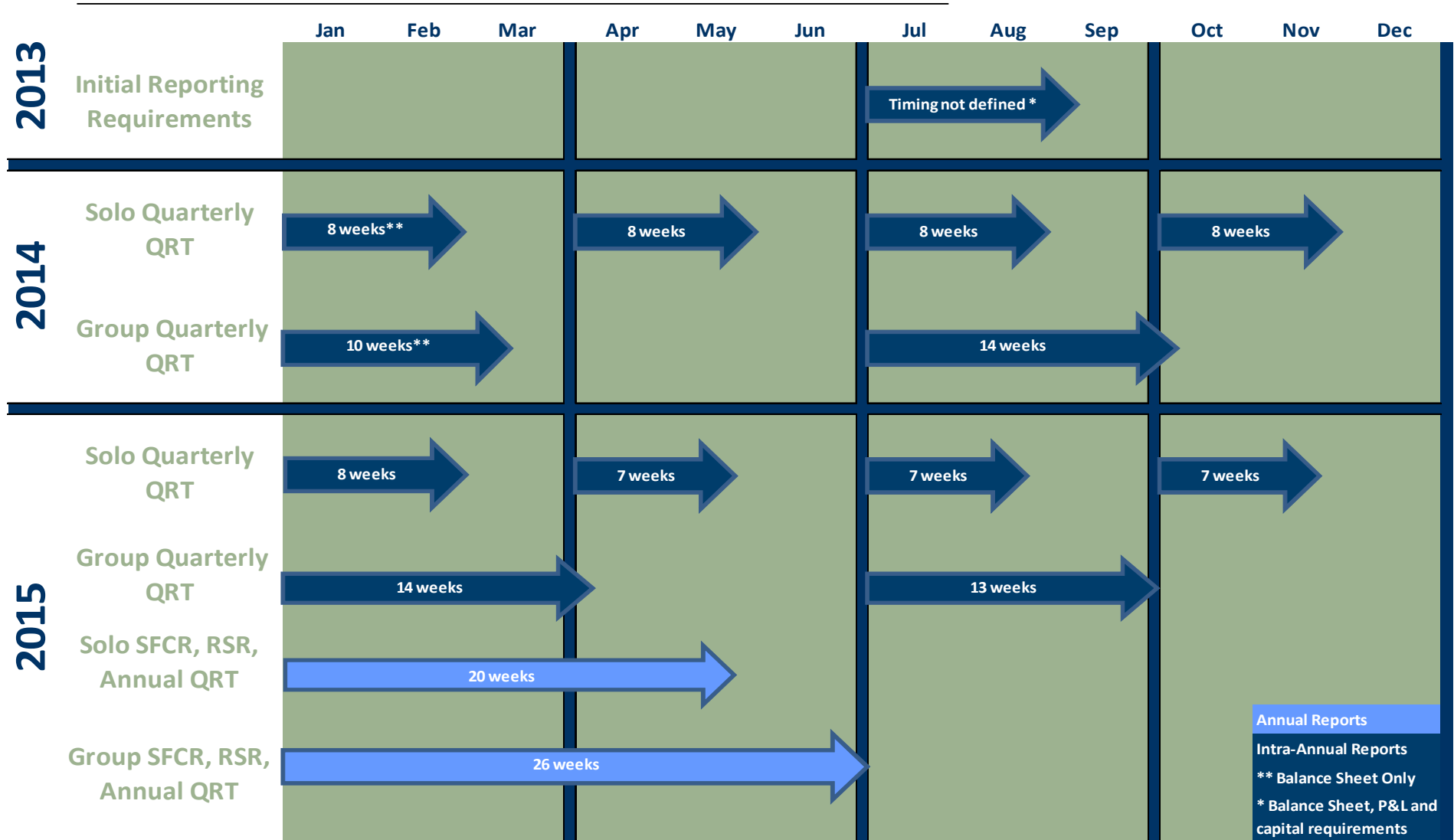
The submission dates estimated in the table below are based upon the information in the draft Level II delegated acts, adjusted for the proposed postponement of the implementation of Solvency II until January 2014<sup>3</sup>.

There is uncertainty regarding the proposed deadlines given the proposed postponement to January 2014. The diagram on the next page outlines the reporting deadlines during 2013 and for the first two years following the commencement of Solvency II. The diagram is based upon the draft Level II delegated acts adjusted for the proposed postponed starting date of January 2014 and the latest proposal from ECON regarding phasing in of reporting in 2013.

The Central Bank of Ireland has recently reiterated that companies should continue to assume that the implementation date of Solvency II remains 1 January 2013 and that companies should work towards this date rather than 1 January 2014.

	SFCR	RSR	Quarterly QRT	Annual QRT
Submission Date 2014 - Solo	20 weeks	20 weeks	8 weeks	20 weeks
Submission Date 2015 - Solo	18 weeks	18 weeks	7 weeks	18 weeks
Submission Date 2016 - Solo	16 weeks	16 weeks	6 weeks	16 weeks
Submission Date 2017 - Solo	14 weeks	14 weeks	5 weeks	14 weeks
Submission Dates - Group	+ 6 weeks on all of the above			

<sup>3</sup> As per Omnibus II and the draft ECON report



## SUMMARY

There is now a significant amount of information available regarding the Pillar III requirements of Solvency II. The reporting deadlines and data requirements are challenging and could require a substantial amount of systems and process development. It would be advisable for companies to develop their Pillar III planning to the same level as the other two Pillars given the extent of information now available and the potential data and systems requirements.

The Central Bank of Ireland has recently reiterated that companies should continue to assume that the implementation date of Solvency II remains 1 January 2013 and that companies should work towards this date rather than 1 January 2014. It appears likely that Solvency II reporting will be required in 2013. Therefore, at a minimum, companies will need to report Solvency II balance sheets, capital requirements and profit and loss accounts during 2013.

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## CONTACT

If you have any questions or comments on this briefing note or any other aspect of Solvency II, please contact one of the consultants below or speak to your usual Milliman consultant.

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