

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

Name of Company:	Danish Insurance Association	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
Reference	Comment	
General Comment	<p>We appreciate the opportunity to comment on the draft Quantitative Reporting Templates (QRT). However we are surprised that so little has been changed since the pre-consultation in January 2011. Basically, the QRTs should be simplified to a large extent, reducing the administrative burden for companies, thus raising support for the need for reporting to supervisors – without compromising on the need to provide supervisors with effective tools for performing their duties.</p> <p>The CEA and AMICE had many comments which we agreed with, but only very few of these of a material nature have been incorporated in the new draft. The QRTs are important for an efficient supervisory system under Solvency II – but they also represent a major administrative and economic challenge. Hence, EIOPA should be more open to the industry's views on how to balance benefits against costs. Simplifications could easily be introduced without hampering the ultimate objectives of the QRTs. Furthermore we are disappointed to see that several templates have been elaborated further in a wrong direction even in this new version.</p> <p>The harmonised QRTs imply a severe increase in reporting burdens for Danish undertakings, even when you take into account that several current reporting requirements are discontinued after the implementation of the QRTs. The Danish Insurance association has gathered information which shows that annual reporting expenses for Danish undertakings are six-doubled with the QRTs, due to a huge increase in IT- and controlling expenses. In addition to this Danish undertakings expect implementation costs of € 40 million. These increased expenses will either lead to increases in consumer costs or postponement of other efficiency enhancing investments. But more important, the increase in the costs will in many cases not improve the quality of supervision to any significant degree.</p>	

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

We have chosen to focus on most urgent and problematic outstanding issues with the current QRTs and not simply repeat all the issues which were not taking into account after the last consultation. We hope this constructive approach will be taken in to account.

Five of the major issues in the QRTs

1. The focus on transactions adds no value

Many of the templates focus on the transactions made by the undertaking during the reporting period rather than on the portfolio at the end of the period. Under a market value regime the focus should be on the value of assets and liabilities at the end of the period, which illustrates the prospective risk of an undertaking. Obviously a great volatility in the composition of a portfolio will lead to greater risk. But such behaviour should be identified by ad hoc reporting of portfolios or through supervisory inspections of undertakings, so as to ensure that supervisory arbitrage is avoided whilst keeping reporting costs to a minimum.

2. The templates are not properly aligned to a market value regime

The reporting templates do not seem to have been properly aligned to a market value regime. Some templates specifically require acquisition costs of assets, which adds no value under a market value regime – in Denmark where market values have been used for several years, the information is simply no longer available to most undertakings. Likewise the Variation Analysis templates demand a split between realised and unrealised gains and even a split of unrealised gains regarding assets held at the beginning of the year and assets assets acquired during the year, this also does not seem pertinent under a market value regime.

3. Inadequate guidelines and lack of examples of calculations

Many of the logs seem insufficient to properly understand the rationale and methodology behind the affiliated templates. EIOPA should focus energy not only on simplifying the templates, but also on developing guidelines to ensure consistency across undertakings. One way of improving guidelines would be to make the logs available online and attach a blog to it. Undertakings could then provide comments to the guidelines, and EIOPA could

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

see which guidelines cause major problems and give answers to all undertakings at the same time. Furthermore examples of calculations would greatly increase the comprehension of the templates. If EIOPA could provide examples of data and the expected results, undertakings would have an easier time detecting whether they properly understand the guidelines. The guidelines could be further enhanced by including any consistency checks used in the templates in the affiliated logs. For EIOPA this process is imperative to ensure a quality of data high enough to use for supervisory purposes, and to ensure comparability between undertakings.

4. Variation Analysis – need for more guidance

While the Variation Analysis-templates have been enhanced gradually as new versions have been developed, there is still a need for making them more intuitive. It is not always clear which own funds movement are captured in which cells, and the split between risks accepted during period and risks accepted prior to period needs clarifications and much better guidelines. While we understand the need to identify the source of Own Funds movements, EIOPA should remember that the value of the templates relies heavily on the quality of data, which in turn depends on how well undertakings understand the guidelines and structure of the templates.

5. Overly detailed technical provision reporting on non-life

The level of detail in the templates for non-life technical provisions seems excessive. The need for explicit triangles for salvage and subrogation is not clear to us, and we believe and that reporting of net technical provisions should give sufficient information on the run-off. Furthermore the many tables on RBNS-provision also seem unnecessary, the concept is rarely used by Danish companies, and is only relevant for long-tailed lines of business, e.g. workers comp. EIOPA should allow for pragmatic solutions for companies who do not use a complex business model, and which thus do not need the level of detail implied by these templates. Furthermore we would appreciate very much if you could clarify the changes happening around the unearned premium provision. Some examples of the new premium provision and their relations with the VA-C2C templates are very welcome. Clarification of this will make it easier for undertakings to adapt IT-systems in time for the implementation of Solvency II.

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

On a note it is unclear whether 100 % owned subsidiaries which are not insurance companies should be consolidated in the solo reporting templates or not. This also applies to less than 100 % owned subsidiaries which meet normal consolidation criteria for accounting purposes (more than 50 percent voting rights etc.).

If consolidation is not required, the consequence will be that the shares in the subsidiary will be reported on template Assets-D1 in one record per subsidiary with CIC XL3# or XT3# and cell A16 <>"N" leading to reporting on template BS-C1, cell A6, "Participations". There will be no information in any templates of which assets and liabilities that are held by the subsidiaries. The Group reporting will not contain any further information re these assets and liabilities, since the non-insurance subsidiaries are not required to be consolidated. The value of participations may be in excess of the value of the entire own funds.

If consolidation is required, the assets and liabilities in the subsidiaries will be reported the same way as assets and liabilities held directly by the parent company (the solo reporting entity) with all requested details. Hence the shares in the subsidiary will not be reported as a participation (it is eliminated at solo reporting level). Hence EIOPA should give clear guidelines regarding consolidation principles.

The above is not relevant to subsidiaries which are insurance companies as these entities (and its assets and liabilities) will be reported as separate solo reporting entities which will be included in a group report.

BS-C1- cell AS14

There seems to be inconsistency between BS-C1 and the Assets templates.

All assets on the Assets-templates have an attached CIC-code. These codes define the sum on the BS-C1-templates.

BS-C1- cell A11

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

	<p>However on BS-C1 the cell A11(other investments) is included in the sum cell (A4). All other cells included in A4 are related to assets which are included in the Assets-templates (D1/D1Q/D2O/D3), and which thus have an attached CIC-code. It is unclear which assets are included in the CIC-system. And the CIC-code is the key for the connection between the templates.</p> <p>Thus we believe that it is inconsistent that there is an "other investments"-cell(A11) on BS-C1. We believe this cell should be removed from the template. Alternatively a set of CIC-codes connected to this cell could remove this inconsistency.</p> <p>Cell A11 also causes problems connected to BS-C1D. Since the currency split of BS-C1D-cell A3 should be possible to derive from Assets-D1 and D2O. As long as the A11 cell is still inconsistent the sum of D1 and D2O needs to be adjusted by the currency split of A11.</p>	
BS-C1- cell AS11		
BS-C1- cell A12	It should be specified whether derivatives attached to Unit-linked contracts with a negative value (from D2O) should be included in the A12-sum. Or if they are to be included in the liabilities in cell L16.	
BS-C1- cell AS21		
BS-C1- cell A20	Cell A16 in the template is calculated as a sum including A20. However the italics in the cell description seem to indicate that this should not be the case.	
BS-C1- cell AS20	Cell AS16 in the template is calculated as a sum including AS20. However the italics in the cell description seem to indicate that this should not be the case.	
BS-C1- cell L16	It should be specified whether derivatives attached to Unit-linked contracts with a negative value (from D2O) should be included in the A12-sum. Or if they are to be included in the liabilities in cell L16.	
BS-C1D – General	For undertakings using an internal model this template seems excessive since the internal model should properly assess the risk of the company. The information in BS-C1D may not be relevant to the company and may not be used in the company's risk management and hence should not be mandatory.	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
BS-C1D- cell E1		
BS-C1D- cell A3	See BS-C1D A11 comment	
Cover - A1A & Q- General	Providing information on risk location is extremely burdensome and difficult for many lines of business. For many lines of business the information is not relevant either. The risk of the insured object is very often not related strictly to the location by country. If information on risk locations is to be provided, undertakings need pragmatic methods. The guidelines provided lack such methods.	
VA - C2A– General	<p>In general we find that the VA-templates have been improved. The complexity is, however, still a major issue. To insure consistency in reporting between entities EIOPA should continue to improve the reader's understanding of the templates. This will increase data quality, which is necessary in order to use the templates for supervisory purposes .</p> <p>One way to reach this improvement and better data quality is through model calculations, i.e. examples of how a company with certain attributes should fill in the templates.</p> <p>Furthermore it is recommended that EIOPA incorporates consistency checks with the VA-templates and the other QRTs, one example is the connection between VA-C2B and Asset-D3, the same applies for VA-C2C and the technical provisions templates.</p> <p>Finally, national product specificities may be hard to reflect in a general template. Also against this background, examples are very much warranted.</p>	
VA C2B -cell A4	This cell seems unnecessary as the C2D should capture all "other" movements, hence to ensure consistency, this cell should be removed	
VA C2B -cell A6	The DIA strongly opposes the split required in cells A6-A8. These cells require a split of BOF movements by realized and unrealized gains. This is not in line with Solvency II being a market based regime, cf. the Directive art. 75. In a market based regime there is no need for a split of investment revenues between realized and unrealized gains. We do not see the relevance of this split. In our view it adds no value to the ongoing supervision. As this information is no longer relevant, the A9 cell (total impact) is sufficient. It basically makes no sense in a market consistent regime. Furthermore the split is very cumbersome to perform. It requires clarification on the	

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

	<p>following issues not currently specified in the guidelines:</p> <ul style="list-style-type: none"> • Acquisition costs and time of any sold portfolio • Which method of assessment should be used: LIFO (Last in first out), FIFO (First in first out) etc. • Is the assessment to be made in Euros or local currency • Which exchange rates are to be used: spot rates or rates on the day of the transaction. • Are there any transitional in place for undertakings which do not have acquisition costs for all investment portfolios. • Some companies have a system where the acquisition costs of each purchase of a paper acquired during a year is not registered. Instead an average price is calculated. The split of A6-A8 would thus be based on the average price, which would also influence the comparability between companies of the split. <p>We do not see any value added with regard to risk assessment in the split of realised and unrealised gains. The supervisory association should focus on the current portfolio of assets, and the risk associated with these assets. Confer also our comment on Assets D1, cell A25</p>	
VA C2B -cell A7	See comment on A6	
VA C2B -cell A8	See comment on A6	
VA C2B -cell O1		
VA C2B -cell O2	<p>We see no value-added for the supervisory authorities in receiving figures for investments acquired and sold (gross), respectively. These figures are presently not compiled by Danish insurance undertakings as they make no use of the figures. These figures are not useful if one wants to investigate the impact on BOF due to movements in the investment portfolio and valuation. Redemption of debt securities followed by reinvestment of the proceeds – as well as other types of corporate actions – will inflate this figures.</p>	
VA C2B -cell O3	<p>We see no value-added for the supervisory authorities in receiving figures for investments acquired and sold (gross), respectively. These figures are presently not compiled by Danish insurance undertakings as they make no use of the figures. These figures are not useful if one</p>	

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

	<p>wants to investigate the impact on BOF due to movements in the investment portfolio and valuation. Redemption of debt securities followed by reinvestment of the proceeds – as well as other types of corporate actions – will inflate this figures.</p>	
<p>VA - C2C– General</p>	<p>The C2C template has been improved compared to the previous versions, however it is still the VA-templates with the biggest issues.</p> <p>The template has two blocks of cells "Risk accepted during period" and "risks accepted prior to period". This could be interpreted as an "underwriting year" approach. In the other templates undertakings have the option of reporting based on accident year. Most actuarial analyses and internal reports are based on accident year. Hence, we strongly urge for mandatory accident year reporting in C2C or alternatively to make both methods available.</p> <p>Furthermore the split between risk accepted during period and risks accepted prior to period is not common practice among Danish companies, and hence would most likely be costly to implement. Furthermore the split is not likely to have relevance to the prospective risk.</p> <p>Unwinding and change in interest rate is included for changes in Best Estimate for risk accepted prior to period. They could however be included for current period also. If a contract is incepted say march 1st there will be some discounting by march 31st, and hence interest changes will manifest themselves within the period.</p> <p>Finally we believe that the split of expenses between prior and current period will be arbitrary and for the most part EIOPA will in response see the result of a distribution key, which could be somewhat arbitrary.</p>	
<p>VA C2C -cell A1</p>	<p>Undertakings have reported difficulties in providing data for A1 through E1. The cells need better guidelines, and could also be strengthened with some examples of calculations. Another issue is that the order of calculation of the cells has influence on the results of each cell. Thus the order is not arbitrary and should be stated in the guidelines.</p> <p>For life insurance contracts we see little point in making a split between premiums on contracts</p>	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
	underwritten during period and premiums on contracts underwritten prior to period. Since the vast majority of premiums will be paid on contracts underwritten prior to period.	
VA C2C -cell B1	See comment on A1	
VA C2C -cell C1	See comment on A1	
VA C2C -cell D1	See comment on A1	
VA C2C -cell E1	The guidelines for Cells E1-E1A and E4-E4A are unclear, they need to be improved if undertakings are to be able to report these cells. See also comment on A1	
VA C2C -cell E1A	The guidelines for Cells E1-E1A and E4-E4A are unclear, they need to be improved if undertakings are to be able to report these cells.	
VA C2C -cell A2	The split of BE-changes between unwinding and interest changes will be dominated by interest rate change for life insurance companies. Hence life insurance companies should not have to perform this split.	
VA C2C -cell B2	The split of BE-changes between unwinding and interest changes will be dominated by interest rate change for life insurance companies. Hence life insurance companies should not have to perform this split.	
VA C2C -cell D2	The split of BE-changes between unwinding and interest changes will be dominated by interest rate change for life insurance companies. Hence life insurance companies should not have to perform this split.	
VA C2C -cell E2	The split of BE-changes between unwinding and interest changes will be dominated by interest rate change for life insurance companies. Hence life insurance companies should not have to perform this split.	
VA C2C -cell G2		
VA C2C -cell A3	These cells contain an analysis of the change in BE due to changed assumptions. This dynamic could also be analysed by calculating the BE of the beginning of the year based on the assumptions of the end of the year. This method is used for internal reporting in several Danish companies.	
VA C2C -cell B3	These cells contain an analysis of the change in BE due to changed assumptions. This dynamic	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
	could also be analysed by calculating the BE of the beginning of the year based on the assumptions of the end of the year. This method is used for internal reporting in several Danish companies.	
VA C2C -cell C3	These cells contain an analysis of the change in BE due to changed assumptions. This dynamic could also be analysed by calculating the BE of the beginning of the year based on the assumptions of the end of the year. This method is used for internal reporting in several Danish companies.	
VA C2C -cell A4	For life insurance contracts we see little point in making a split between premiums on contracts underwritten during period and premiums on contracts underwritten prior to period. Since the vast majority of premiums will be paid on contracts underwritten prior to period.	
VA C2C -cell B4		
VA C2C -cell C4		
VA C2C -cell D4		
VA C2C -cell E4	The guidelines for Cells E1-E1A and E4-E4A are unclear, they need to be improved if undertakings are to be able to report these cells.	
VA C2C -cell E4A	The guidelines for Cells E1-E1A and E4-E4A are unclear, they need to be improved if undertakings are to be able to report these cells.	
Assets - D1- General	<p>If an undertaking uses ratings gathered by the undertaking itself – i.e. does not buy a package from a rating agency – the undertaking will breach property rights by reporting the ratings to the supervisor. Hence the reporting of ratings leads to vastly increased costs unless EIOPA introduces proportional and pragmatic solutions. It should be noted that ratings do not always properly portrait risk, e.g. subprime loans before the financial crisis.</p> <p>It is very costly to provide ratings on every asset. And we strongly believe it would not create much value added for supervisors. We have noted that there is work in progress in the EU to reduce overreliance on external ratings. We agree with this agenda, and alternatives to ratings would mitigate the problems with this template.</p> <p>The current Danish practice for reporting investment assets (shown below) combined with</p>	

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

industrial classification codes could describe the risk of an investment portfolio precisely and unambiguously in a simple manner. If each of these asset classes is provided with a rating or a risk assessment provided by EIOPA it will be much easier for undertakings to achieve a homogenous risk classification. With this method risk assessment of assets will be easily and more cheaply available to undertakings – and furthermore undertakings will not have to rely on expensive rating agencies.

Alternatively EIOPA could establish a database of high risk securities, which need a restrictive risk assessment. (i.e. a "black list"). Finally EIOPA could gather these ratings from a central source and elide the ratings from the templates, this would of course increase EIOPA's costs but the increase would be more than offset by the decrease in costs for undertakings.

It is unclear whether 100 % owned subsidiaries which are not insurance entities should be consolidated in the solo reporting templates or not. This also applies to less than 100 % owned subsidiaries which meet normal consolidation criteria for accounting purposes (more than 50 percent voting rights etc.).

If consolidation is not required, the consequence will be that the shares in the subsidiary will be reported on template Assets-D1 in one record per subsidiary with CIC XL3# or XT3# and cell A16 <>"N" leading to reporting on template BS-C1, cell A6, "Participations". There will be no information in any templates of which assets and liabilities that are held by the subsidiaries. The Group reporting will not contain any further information re these assets and liabilities, since the non-insurance subsidiaries are not required to be consolidated. The value of participations may exceed the value of the entire own funds.

If consolidation is required, the assets and liabilities in the subsidiaries will be reported the same way as assets and liabilities held directly by the parent company (the solo reporting entity) with all requested details. Hence the shares in the subsidiary will not be reported as a participation (it is eliminated at solo reporting level).

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

Hence EIOPA should give clear guidelines re consolidation principles.

The above is not relevant to subsidiaries which are insurance companies as these entities (and its assets and liabilities) will be reported as separate solo reporting entities which will be included in a group report.

Investment classification currently in force in Denmark:

- 1) Bonds or instruments of debt issued or guaranteed by central governments or regional authorities within Zone A,
- 2) Listed bonds issued by international organisations with a membership of no less than one Member State of the European Union.
- 3) Mortgage-credit bonds and other bonds issued in a country within the European Union or in a country with which the Community has entered into an agreement for the financial area, and which offer equivalent collateral.
- 4) Amounts receivable from credit institutions and insurance companies under public supervision in countries within Zone A, although not amounts receivable that are subordinated other creditors, as well as other amounts receivable that are guaranteed by credit institutions or insurance companies under public supervision in countries within Zone A
- 5) Land, residential property, offices and commercial property, as well as other property, the value of which is independent of any specific commercial use.
- 6) Loans secured by registered, mortgaged property covered by no. 5 for an amount of up to 80 per cent of the most recent property valuation for residential property and up to 60 per cent for other property.
- 7) Loans secured on own life-assurance policies within the repurchase value of these policies.
- 8) Units in investment undertakings subject to Community law and units in placement associations, money-market associations and funds of funds as well as restricted associations or divisions hereof, which in their articles of association have provisions on risk-spreading corresponding to those applicable for investment associations, placement associations, money-market

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

	<p>associations or funds of funds, cf. the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act.</p> <p>9) Other bonds and loans listed on a stock exchange in countries within Zone A.</p> <p>10) Equity investments listed on a stock exchange in countries within Zone A.</p> <p>11) Property not covered by no. 5, as well as loans secured by registered, mortgaged property not covered by no. 6.</p> <p>12) Equity investments and other securities listed on a stock exchange in countries outside Zone A.</p> <p>13) Unlisted equity investments, including equity investments traded on an authorised market place, cf. section 40(1) of the Securities Trading, etc. Act, or another regulated market that is publicly recognised, open regularly, and open to the public, as well as other loans and securities not covered by nos. 1-12.</p> <p>14) Reinsurance contracts and amounts receivable from reinsurance companies under public supervision in countries within Zone A or reinsurance companies under public supervision, which have achieved a rating by a recognised rating undertaking corresponding to no less than investment grade.</p>	
Assets - D1- Purpose		
Assets - D1- cell A10	Acquiring information on the ultimate parent undertaking is not readily available for companies with large portfolios at any time, since mergers and acquisitions etc. can make this variable quite volatile. The variable could be bought but that is costly. EIOPA should strongly consider whether this information is necessary in line of these costs.	
Assets - D1- cell A11		
Assets - D1- cell A12		
Assets - D1- cell A13		
Assets - D1- cell A15	BS-C1 A11 is an "other investments"-cell however; a set of CIC-code related to other investments is needed to insure consistency between the Assets and the balance sheet templates. We suggest removing the A11 cell from the BS-C1 sheet. Alternatively a set of CIC-codes related to other investments would remove this inconsistency.	
Assets - D1- cell A16		

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
Assets - D1- cell A17	See Assets-D1 general	
Assets - D1- cell A18		
Assets - D1- cell A19		
Assets - D1- cell A20		
Assets - D1- cell A22		
Assets - D1- cell A23		
Assets - D1- cell A24		
	<p>This cell requires the reporting of acquisition costs by asset. Solvency II is a market based regime using fair value, cf. the Solvency II directive art. 75. Hence information on the acquisition costs of assets is not in line with the principles of Solvency II.</p> <p>It is impossible to see the relevance of acquisition costs when the supervision is based on market consistent valuation.</p> <p>In Denmark a market consistent regime has been in force for several years and hence information on acquisition costs of assets is not kept by Danish companies. It would implicate a huge workload with no obvious gains to re-establish systems which include acquisition costs.</p>	
Assets - D1- cell A25	Hence we strongly urge that this information be removed from the assets templates.	
Assets - D1Q- cell A10 (list)	Acquiring information on the ultimate parent undertaking is not readily available for companies with large portfolios at any time, since mergers and acquisitions etc. can make this variable quite volatile. The variable could be bought but that is costly. EIOPA should strongly consider whether this information is necessary in line of these costs.	
Assets - D1Q- cell A12 (list)		
Assets - D1Q- cell A13 (list)		
Assets - D1Q- cell A14 (list)		
Assets - D1Q- cell A15 (list)	BS A11 is an other investments-cell however; a set of CIC-code related to other investments is needed to insure consistency between the Assets and the balance sheet templates. We suggest	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
	removing the A11 cell from the BS-C1 sheet. Alternatively a set of CIC-codes related to other investments would remove this inconsistency.	
Assets - D1S- cell A15	This cell is not included in the spread sheet, but is included in the log. The same goes for A16	
Assets – D2O- General	See Assets-D1 general with regards to ratings	
Assets - D2O- cell A7	Acquiring information on the ultimate parent undertaking is not readily available for companies with large portfolios at any time, since mergers and acquisitions etc. can make this variable quite volatile. The variable could be bought but that is costly. EIOPA should strongly consider whether this information is necessary in line of these costs.	
Assets - D2O- cell A8		
Assets - D2O- cell A10		
Assets - D2O- cell A11	BS A11 is an "other investments"-cell however; a set of CIC-code related to other investments is needed to insure consistency between the Assets and the balance sheet templates. We suggest removing the A11 cell from the BS-C1 sheet. Alternatively a set of CIC-codes related to other investments would remove this inconsistency.	
Assets - D2O- cell A33		
Assets - D2O- cell A34	See Assets-D1 general with regards to ratings	
Assets - D2O- cell A35		
Assets - D2T- General	<p>We find it hard to see how an entity's risk management depends on historical and closed derivatives trades. It involves a huge workload, and it's not clear why EIOPA needs these data. It is stated that it is important to receive that data in D2T because this information combined with the information on the investment portfolio from Assets-D1 and Assets D1Q gives a full overview of the company's investment risk and hedging. Furthermore it is stated that the D2T-template will reduce the need for "ad-hoc" reporting on derivatives.</p> <p>For Danish undertakings and our supervisor – regardless of size – this template will only provide very little – if any - added value. In assessing the company's current risk and hedging profile the templates Assets-D1 and Assets-D2O should give a comprehensive understanding. In time the historical series of D2O will provide a thorough time series, which can be used if EIOPA needs to</p>	

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

	<p>assess whether a company is changing hedging strategy.</p> <p>If undertakings are to report the Assets-D2T the supervisors will gain insight in changes to the derivatives portfolio on a daily basis. With regard to Danish insurance undertakings it will show stable hedging strategies with few changes, which for the major part will be of a small magnitude. Hence the costs for undertakings in reporting D2T will exceed the gains for the supervisors severely.</p> <p>Since there is an alternative which should give supervisors the necessary information while leading to lower cost for undertakings, the template should be made non-compulsory.</p> <p>If a supervisor suspects that a company's hedging profile fluctuates heavily (e.g. supervisory arbitrage), or that a company is very active on the derivatives market the supervisor should be able to impose a more detailed set of derivatives information, e.g. Assets-D2T.</p> <p>For all other undertakings a thorough description of the hedging strategies in the SFCR and RSR should be sufficient, cf. CP on "Guidelines on Narrative Public Disclosure & Supervisory Reporting" guideline 29 and 37. Furthermore undertakings should be able to fill in and report Assets-D2O for any date within a short time frame. This solution should yield the same supervisory overview while implying much lower costs for undertakings.</p>	
Assets - D2T- cell A6		
Assets - D2T- cell A7	<p>Acquiring information on the ultimate parent undertaking is not readily available for companies with large portfolios at any time, since mergers and acquisitions etc. can make this variable quite volatile. The variable could be bought but that is costly. EIOPA should strongly consider whether this information is necessary in line of these costs.</p>	
Assets - D2T- cell A8		
Assets - D2T- cell A9		
Assets - D2T- cell A10		
Assets - D2T- cell A11	<p>BS A11 is an "other investments"-cell, however a set of CIC-code related to other investments is</p>	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
	needed to insure consistency between the Assets and the balance sheet templates. We suggest removing the A11 cell from the BS-C1 sheet. Alternatively a set of CIC-codes related to other investments would remove this inconsistency.	
Assets - D2T- cell A34	See Assets-D1 general with regards to ratings	
Assets - D6- cell A7	Acquiring information on the ultimate parent undertaking is not readily available for companies with large portfolios at any time, since mergers and acquisitions etc. can make this variable quite volatile. The variable could be bought but that is costly. EIOPA should strongly consider whether this information is necessary in line of these costs.	
TP – F3- General	We don't see the point of providing so many layers in F3, i.e. commercial name(A1), homogenous risk group(A2B) and line of business(A2A). Furthermore it is not clear to us why EIOPA needs information on commercial name. The commercial name of a product is not related to the risk of a product, and the inclusion in the template potentially leads to a very extensive report. Line of business should be sufficient for assessing the risk of life insurance obligations. If EIOPA insists on a HRG or commercial name split, we suggest pragmatic solutions for smaller products and HRG, e.g. a materiality threshold.	
TP - F3- cell A6	The log refers to "main risk driver" this classification has been removed from the other templates, but still exists in this cell. Is this intentional?	
TP - F3- cell A15	The log refers to "Same definition as TP (NL)-E5." however that template has been removed in this version of the QRTs	
TP -E1- cells A36-P36	The headline of this section is "Best Estimate of claims provision" the subsection however relates to future premiums, and hence a proper headline would be "best estimate of premium provisions"	
TP - E2- cells D1-D31	The headline of this section is "Best Estimate of claims provision" the subsection however relates to future premiums, and hence a proper headline would be "Best Estimate of premium provisions"	
TP - E2- cells E1-E31		
TP - E2- cells F1-F31		
TP – E3- General	The need to receive reporting of all proposed run-off triangles in template TP-E3,	

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

seems exaggerated. We don't believe the information from all these run-off triangles is relevant in a risk context. To be specific we don't see why RBNS triangles and triangles for salvage and subrogation are relevant, by and large the information is not available in the system. From a materiality clause perspective, there seems to be no correlation between the value you get in these specific triangles held up against the burden on insurers.

Dividing run-off triangles into in- and outflows does not relate well to how Danish undertakings perform run-offs. Usually Danish undertakings use net cash flows, i.e. implicitly including salvage and subrogation and other ingoing cash flows. This makes it very burdensome to provide separate triangles for salvage and subrogation etc.

Triangles for salvage and subrogation are especially hard to provide. Salvage and subrogation is not explicitly analysed by Danish actuaries, but is viewed as part of the total sum of a claim. Actuaries have not deemed that a deeper analysis of salvage and subrogation will improve claims provisioning.

The data quality of salvage and subrogation varies greatly from undertaking to undertaking. Some undertakings register every claim movement including ingoing payments such as deductibles and salvage, albeit with varying quality. Other companies have few requisites for identifying salvage and subrogation.

All in all we don't see the benefit for supervisors of providing separate triangles on salvage and subrogation. Seen from an actuarial point of view there is little to be gained in terms of improved claims provisions, and many undertakings will have a major challenge in identifying salvage and subrogation in the future and even more so when it comes to historical data. Hence the template will require considerable system developments in undertakings with little gain in terms of risk management.

We suggest that the triangles for salvage and subrogation are removed from the templates. Alternatively the principle of proportionality should be used to deem that these triangles are not

**Comments Template on
Draft proposal for Quantitative Reporting Templates**

**Deadline
20 January 2012
12:00 CET**

	<p>necessary for undertakings that are not complex.</p> <p>If EIOPA insists on including separate salvage and subrogation triangles, a materiality threshold should be included to insure that the triangles are not included where salvage and subrogation is immaterial. The need for historical data creates more hurdles for Danish companies. Since historical data will not be readily available with the required split companies will have to use many resources on estimating simplified historical data. The data will to an extent be irrelevant to supervisors, who should be focused on the current and prospective risk.</p>	
<p>TP – E4- General</p>	<p>This template is poorly aligned with how Danish undertakings manage their business. Furthermore the template provides little added value compared vis á vis template E3.</p> <p>RBNS is rarely used in Danish undertakings, and is not related to the most widespread actuarial methods for calculating claims provision – IBNR and IBNER. Using RBNS thus does not provide an improvement in risk management and thus will provide little utility for undertakings.</p> <p>The reporting of template E4 will however lead to an increase in administrative costs, since it requires a registration of every case movement. The principle of proportionality should imply that undertakings which don't use RBNS in claims provision run-off should not have to fill in template E4.</p> <p>Finally if RBNS is required we stress that it is only relevant in long-tailed lines of business, e.g. workers comp etc. Hence we suggest that E4 is only provided for these lobs if any at all.</p> <p>For undertakings using an internal model this template also seems excessive since the internal model should properly assess the risk of the undertaking. The information in TP-E4 may not be relevant to the undertaking and may not be used in the undertaking's risk management and hence should not be mandatory.</p>	
<p>TP – E6- General</p>	<p>For undertakings using an internal model this template seems excessive since the internal model should properly assess the risk of the undertaking. The information in TP-E6 may not be relevant to the undertaking and may not be used in the undertaking's risk management and hence should</p>	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
	not be mandatory. The purpose of E6 is to evaluate the standard model's ability to calculate SCR for reserve risk. For an undertaking using an internal model this is obviously irrelevant, since the supervisor has already approved an internal model which is more appropriate for calculating reserve risk.	
TP – E7A- General	For undertakings using an internal model this template seems excessive since the internal model should properly assess the risk of the undertaking. The information in TP-E7A may not be relevant to the undertaking and may not be used in the undertaking's risk management and hence should not be mandatory.	
TP – E7B- General	<p>There is need for improved guidelines specifying how E7B differs from other reinsurance templates, e.g. J2. Information on reinsurance is already extensively covered in the J-templates, the SFCR and the RSR thus E7B could be limited to the 20 largest risks including facultative coverage without a notable loss of information. Furthermore a materiality threshold should be included for smaller undertakings.</p> <p>It should be noted that acquiring data for this templates requires manually identifying the 20 peak risks, and hence requires a listing of all risks. This is obviously a laborious process.</p> <p>For undertakings using an internal model this template seems excessive since the internal model should properly assess the risk of the undertaking. The information in TP-E7B may not be relevant to the undertaking and may not be used in the undertaking's risk management and hence should not be mandatory.</p>	
Re - J1- General	<p>We find it excessive to report such detailed information on an undertaking's reinsurance contracts. With this template EIOPA will be very close to actually managing part of the underwriting business. Reporting E7A on a net retention basis seems excessive when an undertaking's reinsurance programme is to be reported with a high level of detail within the J1, J2 and J3-templates. Furthermore an undertaking's reinsurance profile is described in the RSR.</p> <p>The description in the RSR should provide a sufficient overview of the reinsurance programme, since the supervisors will have access to every transaction during inspections.</p>	

Comments Template on Draft proposal for Quantitative Reporting Templates		Deadline 20 January 2012 12:00 CET
	<p>The level of detail demanded in the J-templates will lead to a huge workload resulting in several hundred pages for major undertakings. It is not clear to us that the supervisors need such a load of information to properly provide effective supervision of undertakings.</p>	
Re – J2- General	<p>We find it excessive in relation to supervisory needs to report such detailed information on an undertaking's reinsurance contracts. With this template EIOPA will be very close to actually managing part of the underwriting business. Reporting E7A on a net retention basis seems excessive when an undertaking's reinsurance programme is to be reported with a high level of detail within the J1, J2 and J3-templates. Furthermore an undertaking's reinsurance profile is described in the RSR.</p> <p>The description in the RSR should provide a sufficient overview of the reinsurance programme, since the supervisors will have access to every transaction during inspections.</p> <p>The level of detail demanded in the J-templates will lead to a huge workload resulting in several hundred pages for major undertakings. It is clear to us that the supervisors do not need such a load of information to properly perform effective supervision.</p>	
Re – J3- General	<p>We find it excessive to report such detailed information on an undertaking's reinsurance contracts. With this template EIOPA will be very close to actually managing part of the underwriting business. Reporting E7A on a net retention basis seems excessive when an undertaking's reinsurance programme is to be reported with a high level of detail within the J1, J2 and J3-templates. Furthermore an undertaking's reinsurance profile is described in the RSR.</p> <p>The description in the RSR should provide a sufficient overview of the reinsurance programme, since the supervisors will have access to every transaction during inspections.</p> <p>The level of detail demanded in the J-templates will lead to a huge workload resulting in several hundred pages for major undertakings. It is not clear to us that the supervisors need such a load of information to properly supervise.</p>	