

**Comments Template on Proposal for
Quantitative Reporting Templates for Financial Stability Purposes**

**Deadline
20 February 2012**

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 this opportunity to comment on EIOPA's financial stability templates.</p> <p>The Danish Insurance Association acknowledges that the amount of new content is not excessive, however for some companies we believe the value of reporting SCR on a quarterly basis will be relatively modest due to the degree of estimates in the "calculation".</p> <p>However increasing the reporting frequency also has costs, since the increase in reporting frequency requires more frequent controlling etc., which will increase wage expenses. This increase should be considered in relation to the vast increase in reporting burden which follows from the QRT's of Solvency II. The Danish Insurance Association has surveyed the costs of reporting under Solvency II, and found that the annual reporting expenses will be increased sixfold. Reporting the Financial Stability templates will further increase the expenses.</p> <p>EIOPA should be aware that the increased reporting burden has little to no value to insurance undertakings. Internal reporting should obviously be customized so that the specific characteristics of the undertakings' risk profile are revealed. Because of this, reporting to EIOPA will typically only have limited value for the undertakings. Hence the increase in reporting frequency will only be of benefit where EIOPA can use the information, and will have very little use for internal purposes.</p>	
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7.1 Q1		
7.1 Q2		
7.1 Q3		
7.1 Q4		
7.1 Q5	Also, EIOPA should ensure that the same definitions are used in templates to facilitate an additional reporting. For example, FS-A5 uses the term 'Capital and reserves', instead of the Solvency II-term used in B1A/Q for own funds.	
Technical Annex	There seems to be an inconsistency in the reporting frequency of templates TP-F3 and J2. The technical annex states that quarterly reporting is required however the overview in the templates states that only annual reporting is necessary.	
FS 1 - A1	<p>We already report this kind of information – Retention rate. However, there are multiple ways of calculating this information and we do not think it is clear in the LOG for this add-on QRT how exactly this should be done. For example the definition of a contract is not given. Is the definition a policy?</p> <p>What if a policy covers a fleet of cars? Is this still one contract or a contract per covered car?</p> <p>What if a policy covers several lines of business; Fire, Product liability, Workers Comp, Care and Professional liability (bestyrelsesansvar)</p> <p>Is this one or 5 contracts?</p> <p>Similarly a Personal lines contract covering:</p>	

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	<p>House, House related personal liability, vacation home, inventory, Travel insurance, Pet insurances</p> <p>Is this one or 6 contracts?</p> <p>What about mid-term cancellations, should these contracts be excluded when calculating the lapse ratios? What if a contract is originally written in July 2011 but renewed in August 2012, is this lapsed in July and new business in August?</p> <p>We question whether it makes sense to calculate the lapse ratio on number of contracts. In particular, for Commercial lines, there need not be a connection between the lapse ratio measured in number of contracts and the development of premium volume. The reason is that maybe 1% of our contracts generates 50% of premium income. Thus it is crucial which contracts we lose. The latter also applies to Personal lines, although to a lesser extent.</p> <p>Another question which will probably cause problems is the issue of replacement of the insurance object. If a policy holder changes his car or house, would that be treated as a surrendered and new contract? In our systems, both of these situations will probably often be treated as a cancellation of a policy and creation of new policy, but can probably also be treated as a replacement of the insurance object within a contract. We need clearer description of what is to be reported in order for us to assess the potential extra burden.</p>	
FS 1 – A2		
FS 1 – A3	It's seems precipitate to include data based on local accounting rules within a Solvency II reporting template. Data should in general be consistent across the templates.	
FS 1 – A4	It's seems precipitate to include data based on local accounting rules within a Solvency II reporting template. Data should in general be consistent across the templates.	
FS 1 – A5	It's seems precipitate to include data based on local accounting rules within a Solvency II reporting template. Data should in general be consistent across the templates.	
FS 1 – A6	The guidelines for this cell are particularly inadequate. If undertakings are to report this cell it	

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	<p>needs to be specified which information should be elided from the calculation. For instance is the own funds share of the investment return included? There are many issues related to Danish regulations concerning profit-sharing which need to be addressed before Danish undertakings will be able to deliver the requested information in a way that allows for comparisons between undertakings.</p> <p>Furthermore it is not specified in the log which period the average profit/loss sharing is to be calculated for.</p>	
FS 1 – A7		
FS 1 – A8		
FS 1 – A9	<p>We are worried about the quality of data of this entry. The standard model has a high level of complexity and hence a simplified calculation will be based to a very large extent on estimates. This will lead to a large quality of data issue. We are not sure what is to be gained by providing highly unreliable SCR-calculations, as these will have little to no value for supervisory purposes.</p>	
Overview FS Needs - all tab		
Cover - A1Q- cell A1		
Cover - A1Q- cell A2		
Cover - A1Q- cell A3		
Cover - A1Q- cell A4		
Cover - A1Q- cell A5		
Cover - A1Q- cell A6		
Cover - A1Q- cell A7		
Cover - A1Q- cell A8		
Cover - A1Q- cell A9		
Cover - A1Q- cell A10		
Cover - A1Q- cell A11		
Cover - A1Q- cell A12		

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Cover - A1Q- cell B13		
Cover - A1Q- cell B14		
Cover - A1Q- cell B15		
Cover - A1Q- cell B16		
Cover - A1Q- cell D1		
Cover - A1Q- cell D2		
Cover - A1Q- cell D3		
Cover - A1Q- cell D4		
Cover - A1Q- cell D5		
Cover - A1Q- cell D6		
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Cover - A1Q- cell D13		
Cover - A1Q- cell D14		
Cover - A1Q- cell D15		
Cover - A1Q- cell D16		
Cover - A1Q- cell H1		
Cover - A1Q- cell H2		
Cover - A1Q- cell H3		
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Cover - A1Q- cell H5		
Cover - A1Q- cell H6		

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Cover - A1Q- cell H7		
Cover - A1Q- cell H8		
Cover - A1Q- cell H9		
Cover - A1Q- cell H10		
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Cover - A1Q- cell H1F		
Cover - A1Q- cell H1G		
Cover - A1Q- cell I1		
Cover - A1Q- cell I2		
Cover - A1Q- cell I3		
Cover - A1Q- cell 13A		
Cover - A1Q- cell 13B		
Cover - A1Q- cell I4		
Cover - A1Q- cell I5		
Cover - A1Q- cell I6		
Cover - A1Q- cell K1		
Cover - A1Q- cell K2		
Cover - A1Q- cell K3		
Cover - A1Q- cell K3A		
Cover - A1Q- cell K3B		
Cover - A1Q- cell K4		
Cover - A1Q- cell K5		
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Cover - A1Q- cell N1		
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Cover - A1Q- cell N1Z		
Cover - A1Q- cell N2Z		
Cover - A1Q- cell N3Z		
Cover - A1Q- cell N3AZ		
Cover - A1Q- cell N3BZ		
Cover - A1Q- cell N4Z		
Cover - A1Q- cell N5Z		
Cover - A1Q- cell N6Z		
Cover - A1Q- cell R		
Cover - A1Q- cell S1		
OF - B1Q- cell A13		
OF - B1Q- cell A50		
OF - B1Q- cell B50		
OF - B1Q- cell C50		
OF - B1Q- cell D50		
OF - B1Q- cell E50		
OF - B1Q- cell A51		
OF - B1Q- cell B51		
OF - B1Q- cell C51		
OF - B1Q- cell D51		
MCR - B4A- cell A31		
MCR - B4B- cell A31		
Assets - D1Q- cell A1 (list)		
Assets - D1Q- cell A2 (list)		
Assets - D1Q- cell A3 (list)		
Assets - D1Q- cell A4 (list)		

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Assets - D1Q- cell A5 (list)		
Assets - D1Q- cell A6 (list)		
Assets - D1Q- cell A7 (list)		
Assets - D1Q- cell A8 (list)		
Assets - D1Q- cell A9 (list)		
Assets - D1Q- cell A10 (list)		
Assets - D1Q- cell A11 (list)		
Assets - D1Q- cell A12 (list)		
Assets - D1Q- cell A13 (list)		
Assets - D1Q- cell A15 (list)		
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Assets - D1Q- cell A18 (list)		
Assets - D1Q- cell A20 (list)		
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Assets - D1Q- cell A24 (list)		
Assets - D1Q- cell A25 (list)		
Assets - D1Q- cell A26 (list)		
Assets - D1Q- cell A28 (list)		
Assets - D1Q- cell A30 (list)		
Assets - D20- cell A1		
Assets - D20- cell A2		
Assets - D20- cell A3		
Assets - D20- cell A4		
Assets - D20- cell A5		

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Assets - D20- cell A6		
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Assets - D20- cell A9		
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Assets - D20- cell A11		
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Assets - D20- cell A33		
Assets - D20- cell A34		

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Assets - D20- cell A35		
Assets - D3- cell A1		
Assets - D3- cell A3		
Assets - D3- cell A4		
Assets - D3- cell A6		
Assets - D3- cell A7		
Assets - D3- cell A8		
Assets - D3- cell A15		
Assets - D4- cell A1		
Assets - D4- cell A2		
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Assets - D5- cell A10		

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Assets - D5- cell A11		
Assets - D5- cell A12		
Assets - D5- cell A13		
Assets - D5- cell A14		
TP - F1Q- cell A1		
TP - F1Q- cell A3		
TP - F1Q- cell A5		
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TP - F1Q- cell B14		
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TP - F1Q- cell E14		
TP - F3- cell A21		
TP - F3- cell A30		

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TP - E1Q- cell A11		
TP -E1Q- cell B11		
TP -E1Q- cell C11		
TP - E1Q- cell D11		
TP -E1Q- cell E11		
TP -E1Q- cell F11		
TP - E1Q- cell G11		
TP -E1Q- cell H11		
TP -E1Q- cell I11		
TP - E1Q- cell L11		
TP -E1Q- cell M11		
TP -E1Q- cell N11		
TP - E1Q- cell P11		
TP - E1Q- cell P11		
TP -E1Q- cell Q11		
TP - E1Q- cell R11		
TP - E1Q- cell Q11		
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TP -E1Q- cell I12		

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TP - E1Q- cell L12		
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TP - E1Q- cell O12		
TP - E1Q- cell P12		
TP -E1Q- cell Q12		
TP - E1Q- cell R12		
TP - E1Q- cell Q12		
TP - E1Q- cell A13		
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TP -E1Q- cell F13		
TP - E1Q- cell G13		
TP -E1Q- cell H13		
TP -E1Q- cell I13		
TP - E1Q- cell L13		
TP -E1Q- cell M13		
TP -E1Q- cell N13		
TP - E1Q- cell O13		
TP - E1Q- cell P13		
TP -E1Q- cell Q13		
TP - E1Q- cell R13		
TP - E1Q- cell Q13		
Re - J2- cell H1		

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Re - J2- cell X1		
Re - J2- cell Y1		
Re - J2- cell AG1		
Re - J2- cell AP1		
Re - J3- cell B1		
Re - J3- cell N1		
Re - J3- cell O1		
Re - J3- cell S1		