

Solvency II QRTs – EIOPA taxonomy updates



This paper summarises the taxonomy working drafts released by EIOPA and expected to apply for reporting from 31 December 2022/2023. This briefing note summarises the key changes proposed in each version of the taxonomy.

Introduction

European (re)insurance entities have been meeting their quarterly and annual reporting requirements using Quantitative Reporting Templates (QRTs) since the introduction of Solvency II. The European Insurance and Occupational Pensions Authority (EIOPA) continues to release annual updates related to QRTs which have become applicable from reporting dates as at 31 December each year.

In June 2022, EIOPA released three sets of public working drafts (PWDs) covering data point models (DPMs) and XBRL taxonomies:

- Solvency II DPM and Taxonomy 2.7.0
- Pan-European Personal Pension Product (PEPP) Prudential Reporting (PR) DPM and Taxonomy 2.7.0
- Solvency II DPM and Taxonomy 2.8.0

The release of these PWDs is in line with the EIOPA Taxonomy road map,¹ as shown circled in orange in Figure 1. The PWDs

are still subject to changes. In general, EIOPA releases one taxonomy publication per year. Should a corrective release be needed, a “Hotfix” release will be issued.

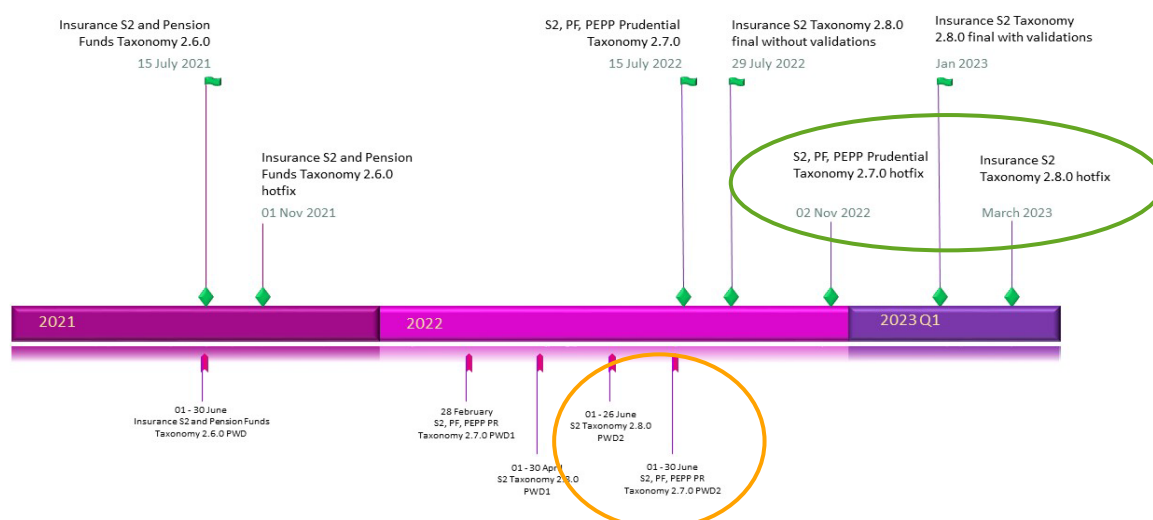
The final version of Taxonomy 2.7.0 is expected to be released in November 2022, applicable for Solvency II reporting from 31 December 2022. The final version of Taxonomy 2.8.0 is to be released by the end of Q1 2023 for Solvency II reporting from 31 December 2023. (These taxonomies are circled in green in Figure 1 below.)

Taxonomy 2.7.0 includes only updates for PEPPs. Taxonomy 2.8.0 includes many new templates and changes to existing templates, as well as the removal of certain templates. The final version will be released well in advance of the date for application due to the large scale of the changes following EIOPA’s opinion on the Solvency II 2020 review.²

In the following sections we will outline the key changes proposed in each taxonomy.

Figure 1: EIOPA Taxonomy Road Map

EIOPA Taxonomy Roadmap



¹ EIOPA. Supervisory Reporting – DPM and XBRL. Retrieved 17 July 2022 from https://www.eiopa.europa.eu/tools-and-data/supervisory-reporting-dpm-and-xbrl_en.

² EIOPA. 2020 Review of Solvency II. Retrieved 17 July 2022 from https://www.eiopa.europa.eu/browse/solvency-ii/2020-review-of-solvency-ii_en.

Solvency II Taxonomy 2.7.0 – From 31 December 2022

EIOPA has a dedicated web page giving an overview of PEPPs.³ EIOPA notes that potential eligible PEPP providers are mainly asset managers and insurance undertakings. Because insurance undertakings can provide PEPPs, the main focus of Solvency II Taxonomy 2.7.0 is the integration of PEPPs into Solvency II.

In the most recent working draft of Taxonomy 2.7.0 (PWD2), there are three options for reporting PEPPs within the QRTs, as outlined below.

1. PEPPS ARE REPORTED AS AN INTEGRATED PART OF SOLVENCY II QRTS

The entity submits extra details on PEPPs within the Solvency II QRTs:

- Additional row in S.01.02 General Information: To flag the reporting scenario.
- Additional part in S.01.02 General Information: To provide PEPP reference data.
- Additional columns in S.06.02 List of Assets and S.08.01 Open Derivatives: To provide details of PEPPs.
- New template S.52.01: Annual template to provide PEPP and PEPP saver information

2. INFORMATION ON PEPPS IS SUBMITTED IN A DEDICATED REPORT

In this case the entity will report “Not reported due to submission in dedicated report” within the Solvency II QRTs outlined in option 1, and will submit individual reports for each PEPP, under the PEPP PR taxonomy 2.7.0. Details of this taxonomy are outlined in the next section.

3. THE ENTITY HAS NO PEPPS

The entity reports “no PEPP” within the Solvency II QRTs.

PEPP PR Taxonomy 2.7.0

To cover a broad range of entities, including those that are not covered by Solvency II reporting obligations, EIOPA created a standalone taxonomy for PEPP PR under Taxonomy 2.7.0. This taxonomy applies to Solvency II entities that choose option 2 under Taxonomy 2.7.0, where PEPP information is “Not reported due to submission in dedicated report” (see above).

A full suite of templates and log files are issued by EIOPA detailing the reporting requirements of PEPP PR. The full list of templates under PEPP PR is:

- PP.01.01: Content of submission
- PP.01.02: Basic information
- PP.06.02: List of assets
- PP.06.03: Collective investment undertakings: Look-through approach
- PP.08.03: Aggregate information on open derivatives
- PP.52.01: PEPP and PEPP saver information
- PET.99.01: Technical table that is not reportable

The information requested in the PEPP PR templates is similar to the additional entries required under the Solvency II templates for PEPPs.

Solvency II Taxonomy 2.8.0

Following the consultation as part of the Solvency II 2020 review, in March 2022 EIOPA submitted to the European Commission the draft amendments to the Implementing Technical Standards on supervisory reporting and disclosure requirements under Solvency II.

In June 2022, EIOPA published the second PWD for Solvency II Taxonomy 2.8.0. The final release of Taxonomy 2.8.0 will be published in January 2023 and is applicable for Q4 2023 reporting.

Figure 2 summarises all template changes proposed under Taxonomy 2.8.0 in comparison to the Taxonomy 2.7.0 applicable from Q4 2022.

Figure 2: Summary of Changes

Template changes (Count)	QRTS - SOLO ANNUAL	QRTS - SOLO QUARTER	QRTS - GROUP ANNUAL	QRTS - GROUP QUARTER	ECB - SOLO ANNUAL	ECB - SOLO QUARTER	FSR - SOLO ANNUAL	FSR - SOLO QUARTER	FSR - GROUP ANNUAL	FSR - GROUP QUARTER
Removed	13	1	12	1	14	3	5	0	4	0
Edited *	36	7	24	5	37	7	N/A	3	N/A	5
New	21	0	17	0	22	3	0	3	0	3

* Includes change in modelling, remodelling of particular column or row of existing table, change in drop-down item labels, deletion of a section of template.

³ EIOPA. Pan-European Personal Pension Product (PEPP). Retrieved 17 July 2022 from https://www.eiopa.europa.eu/browse/regulation-and-policy/pan-european-personal-pension-product-pepp_en.

SOLVENCY II REPORTING – SOLO

Based on the PWD that is available currently, some key changes (from the current Taxonomy 2.6.0 applicable from Q4 2021) are outlined below.

Templates removed

Figure 3 shows the templates that have been removed.

Figure 3: Templates Removed

S.03.02 [annual] Off-balance sheet items - List of unlimited guarantees received by the undertaking	S.03.03 [annual] Off-balance sheet items - List of unlimited guarantees provided by the undertaking
S.04.01 [annual] Activity by country	S.05.02 [annual] Premiums, claims and expenses by country
S.06.01 [annual] Summary of assets	S.08.02 [quarterly] Derivatives Transactions
S.15.01 [annual] Description of the guarantees of variable annuities	S.15.02 [annual] Hedging of guarantees of variable annuities
S.17.02 [annual] Non-Life Technical Provisions - By country	S.25.02 [annual] SCR - for undertakings using the standard formula and partial internal model
S.25.03 [annual] SCR - for undertakings on Full Internal Models	SR.25.02 [annual] SCR - for undertakings using the standard formula and partial internal model
SR.25.03 [annual] SCR - for undertakings on Full Internal Models [RFF/MP/RM]	

Templates recoded

The following templates have been recoded (to follow a different numbering convention):

- **S.17.02 Non-Life Technical Provisions (TP) – By country** is removed and coded as S.17.03 with additional information for reinsurance business (annual).
- **SR.25.02 Solvency Capital Requirement – For undertakings using the standard formula and partial internal model** is coded as *SR.25.05 Solvency Capital Requirement – For undertakings using an internal model (partial or full)* (annual). The new template has specified component-specific information, including an additional split for “Credit event risk not covered in market and credit risk,” as well as a split of capital add-ons by type.

Changes in existing templates

The following templates have been updated:

- **S.01.02 Basic information – General** (quarterly): New rows to flag if the undertaking is captive business; run-off business; any mergers and acquisitions (M&A) during the period.
- **S.02.02 Liabilities by currency** (annual): Removal of rows for split of assets by currencies.
- **S.03.01 Off-balance sheet items – General** (annual): New section to disclose unlimited guarantees.
- **S.06.02 List of assets** (quarterly): New columns to flag additional asset information, including long-term equity investment, crypto assets and property type.
- **S.08.01 Open derivatives** (quarterly): New columns to disclose additional derivatives information, including swap delivered and swap received.
- **S.12.01 Life and health SLT technical provisions** (quarterly): New row for expected profits included in future premiums (EPIFP) for contracts written on a technical basis similar to life insurance (SLT).
- **S.13.01 Projection of future gross cash flows** (annual): New columns to split future benefits by guaranteed and discretionary amounts.
- **S.14.01 Life obligations analysis** (annual): New columns to disclose various information, including split of premium written by source, surrender options, commission and guaranteed interest rates.
- **S.17.01 Non-life technical provisions** (quarterly): New row for EPIFP.
- **S.18.01 Projection of future cash flows (best estimate – non-life)** (annual): The template now considers reporting for material lines of business only.
- **S.22.01 Impact of long-term guarantees measures and transitionals** (annual): New rows to disclose Solvency Capital Requirement (SCR) ratio and Minimum Capital Requirement (MCR) ratio.
- **S.23.01 Own funds** (quarterly): New rows for EPIFP.
- **S.23.02 Detailed information by tiers on own funds** (annual): Removal of sections for “Excess of assets over liabilities – attribution of valuation differences.”

- **S.25.01 Solvency Capital Requirement – For undertakings on Standard Formula** (annual): New rows to split capital add-ons by type.
- **S.26.07 Solvency Capital Requirement – Simplifications** (annual): Removal of the column “Risk weight that was chosen” under the natural catastrophe (NAT CAT) Simplifications section.
- **S.30.01 Facultative covers for non-life and life business basic data** (annual): New columns to disclose line of business and indication of belonging to the 20 largest exposures.
- **S.30.02 Facultative covers for non-life and life business shares data** (annual): New columns to disclose line of business and indication of belonging to the 20 largest exposures.
- **S.30.03 Outgoing reinsurance program basic data** (annual): New columns to disclose commission information.
- **S.31.01 Share of reinsurers, including finite reinsurance and special purpose vehicles (SPVs)**, annual: New column to disclose original currency of exposure, transaction or instrument.
- **S.36.01 IGT – Equity-type transactions, debt and asset transfer** (annual): New columns to disclose sectors of the parties involved in intra-group transactions (IGTs), indirect transactions and single economic operations.
- **S.36.02 IGT – Derivatives** (annual): New columns to disclose sectors of the parties involved and revenues stemming from derivatives.

New templates

The templates shown in Figure 4 have been added.

Figure 4: New Templates

S.04.03 Basic Information - list of underwriting entities [annual]	S.04.04 Activity by country - location of underwriting [annual]
S.04.05 Activity by country - location of risk [annual]	S.06.04 Climate change-related risks to investments [annual]
S.14.02 Non-Life obligation analysis [annual]	S.14.03 Cyber underwriting risk [annual]

S.26.08 Solvency Capital Requirement - for undertakings using an internal model (partial or full) [annual]	S.26.09 Internal model: Market and Credit risk - for financial instruments [annual]
S.26.10 Internal model - Credit event risk Portfolio view details [annual]	S.26.11 Internal model - Credit risk details for financial instruments [annual]
S.26.12 Internal model - Credit risk Non-Financial Instruments [annual]	S.26.13 Internal model - Non-life & Health NSLT Underwriting risk [annual]
S.26.14 Internal model - Life and Health underwriting risk [annual]	S.26.15 Internal model - Operational risk [annual]
S.26.16 Internal model - Model Changes [annual]	S.36.03 IGT - Off-balance sheet and contingent liabilities [annual]
S.36.04 IGT - Insurance-reinsurance [annual]	S.36.05 IGT - P&L [annual]

SOLVENCY II REPORTING – GROUP

Most of the changes in solo reporting apply also to group reporting. Additional changes that apply to group templates include:

- **S.37.01 Risk concentration – Exposure to counterparties** (annual): Additional columns to split exposure by asset types.
- **S.37.02 Risk concentration – Exposure by currency, sector and country** (annual): New template to split exposure by currency, sector and country.
- **S.37.03 Risk concentration – Exposure by asset class and rating** (annual): New template to split exposure by asset class and rating.

ECB REPORTING

Changes in Solvency II reporting also apply to European Central Bank (ECB) reporting.

ECB add-on template E.03.01 Non-life Technical Provisions - reinsurance policies [annual] is removed as reinsurance information is disclosed in S.17.03.

A new ECB add-on is E.04.01 – Investment revenues and expenses (part of TP and excess of assets over liabilities), which is reportable quarterly.

FINANCIAL STABILITY REPORTING – SOLO

Templates removed

Financial Stability Report (FSR) annual templates are removed under this proposal. Most annual templates are now reportable quarterly.

Changes in existing templates

The following changes have been made to the quarterly templates:

- **S.01.02 Basic information – General** (quarterly): New rows to flag if the undertaking is captive business; run-off business; any M&A during the period.
- **S.05.01 Premiums, claims and expenses by line of business** (quarterly): New rows to disclose premiums earned.
- **S.06.02 List of assets** (quarterly): New columns to flag additional asset information, including long-term equity investment, crypto assets and property type.
- **S.39.01 Profit and loss** (quarterly): New section to disclose details of profit and loss (P&L).

New templates

The templates shown in Figure 5 have been added.

Figure 5: New Templates, ECB

S.14.04 Liquidity risk for life business [quarterly]

S.14.05 Liquidity risk for non-life business [quarterly]

S.38.01 Duration of technical provisions [quarterly]

FINANCIAL STABILITY REPORTING – GROUP

Most of the changes in solo Financial Stability Reports apply also to group reporting, including the removal of annual financial stability reporting.

An additional template for group reporting is the S.02.01 – Balance sheet (quarterly).

CONSIDERATION FOR THE UNITED KINGDOM

Separate to the EIOPA updates discussed in this publication, UK (re)insurers will need to consider requirements from the Prudential Regulation Authority (PRA).

Following the end of the Brexit transition period, from 1 January 2021, the PRA now has authority to make changes to the Solvency II-based insurance regulatory regime applying in the UK. Milliman has produced [this paper](#) detailing recent Solvency II QRT updates from the PRA.

CONTACT

Joanne Tan
joanne.tan@milliman.com

Aisling Barrett
aisling.barrett@milliman.com



Follow our 'Milliman Ireland' page:
<https://www.linkedin.com/company/milliman-ireland>