



EIOPA-BoS/16-293  
23 December 2016

**Information on the use of limitations  
and exemptions regarding the  
submission by insurance and  
reinsurance undertakings of regular  
supervisory reporting**

**EIOPA Report 2016**

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## 1. Introduction

According to the Solvency II Directive national competent authorities (NCAs) may exempt or limit the submission of the quantitative reporting templates. These limitations and exemptions of quantitative regular reporting information are defined in Articles 35(6-7) and 254(2) of the Directive, and summarised below:

- **Limitation:** under Article 35(6) undertakings can be authorised to submit a reduced scope of quarterly reporting, where any template can be subject to a limitation from regular reporting, without prejudice to Article 129(4) of the Solvency II Directive as regards the Minimum Capital Requirement (i.e. at least the template regarding MCR information needs to be submitted);
- **Exemption:** under Article 35(7) undertakings can be exempted from both quarterly and annual reporting;
- Under Article 254(2), paragraph 2 and 3, **groups** can benefit from limitation or exemption from reporting only in those cases where all insurance or reinsurance undertakings within the group benefit from the limitation or exemption.

It is EIOPA's role to analyse the application of these supervisory powers across Member States in order to inform citizens on the use of it, and to detect potential inconsistent applications.

This first report is factual and based on the first Solvency II reporting submissions and no trend can be identified at this point. However, EIOPA envisages potential follow-up analyses on the application of limitations and exemptions from reporting by engaging on a bilateral basis with NCAs.

### *Legal references*

According to Article 52 of the Solvency II Directive, EIOPA shall publicly disclose, on an annual basis, the number of undertakings benefiting from limitations or exemptions of regular reporting, for Member States together, and separately:

- (d) for all Member States collectively, the total number of insurance and reinsurance undertakings and groups benefiting from the limitation from regular supervisory reporting and the total number of insurance and reinsurance undertakings and groups benefiting from the exemption of reporting on an item-by-item basis referred to in Article 35(6) and (7) and Article 254(2), together with their volume of capital requirements, premiums, technical provisions and assets, respectively measured as percentages of the total volume of capital requirements, premiums, technical provisions and assets of all insurance and reinsurance undertakings and groups;
- (e) for each Member State separately, the number of insurance and reinsurance undertakings and groups benefiting from the limitation from regular supervisory reporting and the number of insurance and

reinsurance undertakings and groups benefiting from the exemption of reporting on an item-by-item basis referred to in Article 35(6) and (7) and Article 254(2), together with their volume of capital requirements, premiums, technical provisions and assets, respectively measured as percentages of the total volume of premiums, technical provisions and assets of the insurance and reinsurance undertakings and groups of the Member State.

### *Disclaimers*

This 2016 report contains information based on the situation in the beginning of the year 2016: the number of undertakings benefiting from limitations is based on the reporting received for the first quarter of 2016; and the financial and solvency figures are based on the Day 1 reporting provided by NCAs to EIOPA.

Given that no annual submissions of the quantitative reporting templates have taken place yet, the 2016 report does not include information on the exemptions from reporting. The information on exemptions from annual reporting as per 2016 will be available in the 2017 report.

Regarding the amounts of premiums, it should be noted that only non-life premiums are available for solo undertakings as at Solvency II Day 1, whereas only the total amount of premiums is available for groups.

Note that some quantitative data (SCR, premium, technical provisions, total assets) were missing for several undertakings due to the fact that these undertakings did not submit the Day 1 reporting at the time of extraction, either because of a different accounting end-of-year data, or because these undertakings were newly established in 2016.

### *Data collection process*

EIOPA has extracted the relevant information from the Solvency II reporting as follows:

For each Member State, the list of undertakings with limitations was prepared. An undertaking was assumed to have been granted limitations from reporting based on the information submitted in the template "Content of submission" (S.01.01) for the first quarterly reporting of 2016<sup>1</sup>;

- For each undertaking, the list of exempted templates was extracted;
- For each undertaking, the amount of SCR, premiums, technical provisions and total assets were extracted from the Day 1 Reporting information. This information was obtained from the following reporting templates:
  - SCR: from the Own Funds template (S.23.01)

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<sup>1</sup> As at 31<sup>st</sup> August 2016

- Premiums: from the MCR templates for solo undertakings (S.28.01 and S.28.02) and from the "Undertakings in the scope of the group" template for groups (S.32.01)
- Technical provisions: from the Balance sheet template (S.02.01)
- Total assets: from the Balance sheet template (S.02.01)
- The reporting currency was converted to EUR based on ECB exchange rates at 31/12/2015 where relevant.

For each Member State, the total market size was calculated in terms of SCR, premiums, technical provisions and total assets. Further detail of non-life premiums and Life technical provisions was added as presented in the tables below.

Several NCAs have sent corrections regarding the list of undertakings which benefit from limitations. In the majority of cases, the error was due to undertakings mixing up the two entries "Exempted under Article 35(6) to (8)" and "Not reported other reason" in the template "Content of submission".

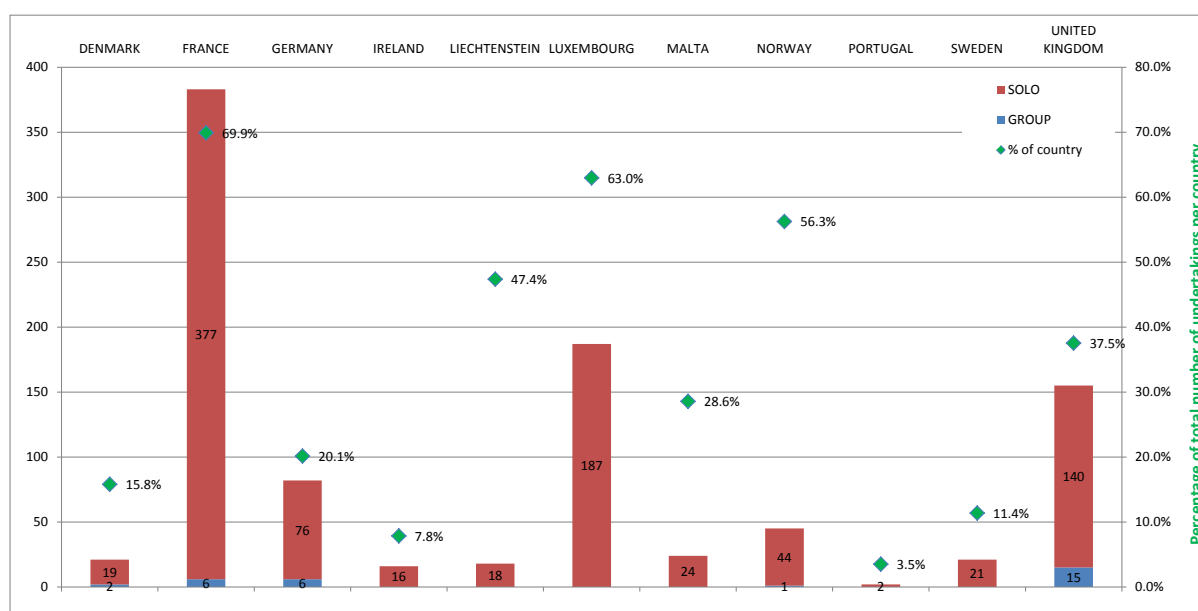
## 2. Results

### Overview

The majority of limitation from quarterly reporting concerns solo undertakings where limitation of reporting is applied to 924 undertakings compared to 30 groups.

Eleven NCAs have authorised at least one undertaking to use limitations from reporting. France, Luxemburg and the United Kingdom are the Member States with most limitations from reporting being applied to undertakings. Liechtenstein, Malta and Norway also have a high percentage of their undertakings which are granted limitations from reporting.

Figure 1: Count of undertakings with Limitations from quarterly reporting - by Member State



As it can be seen from Tables 1 and 2 below, France, Luxemburg and the United Kingdom are as well amongst the Member States with most undertakings subject to Solvency II.

Twenty NCAs have not authorised limitations from reporting. Several from these Authorities explained that they plan to collect at least a few quarters of reporting before taking a decision on the limitations or exemptions. In particular, for small undertakings, QRTs<sup>2</sup> are often the only quantitative information available to NCAs.

<sup>2</sup> Quantitative Reporting Templates

## Results for individual undertakings

Table 1 shows the number of undertakings using limitations from reporting compared to the total number of undertakings, per country and over all Member States. It shows as well the sum of Non-life premiums of undertakings using limitations over the total Non-life premiums, over all Member States and per country. The same calculation is performed for Life technical provisions, Solvency Capital Requirement, total technical provisions and total assets.

**Table 1: Individual undertakings**

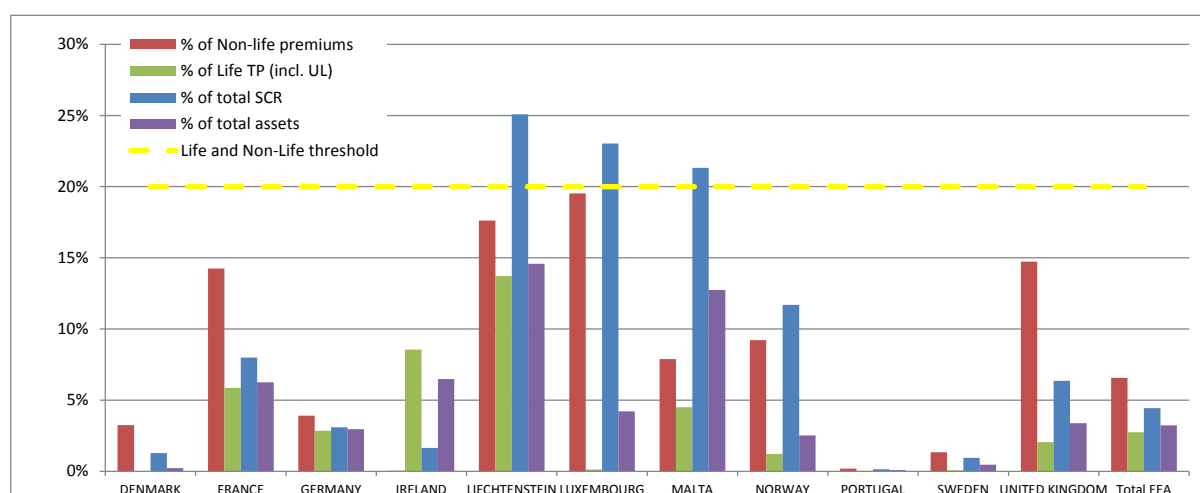
	Total number of undertakings(*)	Number of undertakings with limitations	Non-life premiums % of total	Life technical provisions (incl. UL) % of total	SCR % of total	Technical provisions % of total	Total assets % of total
All Member States	3,111	924	6.57%	2.74%	4.43%	2.95%	3.23%
AUSTRIA	44	0					
BELGIUM	71	0					
BULGARIA	37	0					
CROATIA	24	0					
CYPRUS	32	0					
CZECH REPUBLIC	31	0					
DENMARK	111	19	3.24%	0.02%	1.29%	0.12%	0.22%
ESTONIA	12	0					
FINLAND	48	0					
FRANCE	507	377	14.25%	5.87%	7.99%	5.87%	6.25%
GERMANY	346	76	3.90%	2.85%	3.10%	2.81%	2.95%
GREECE	42	0					
HUNGARY	28	0					
ICELAND	9	0					
IRELAND	202	16	0.03%	8.55%	1.64%	7.17%	6.47%
ITALY	110	0					
LATVIA	9	0					
LIECHTENSTEIN	38	18	17.61%	13.72%	25.08%	13.83%	14.58%
LITHUANIA	8	0					
LUXEMBOURG	285	187	19.52%	0.13%	23.03%	1.36%	4.21%
MALTA	59	24	7.88%	4.50%	21.32%	13.57%	12.74%
NETHERLANDS	156	0					
NORWAY	72	44	9.22%	1.22%	11.69%	1.69%	2.52%
POLAND	60	0					
PORTUGAL	47	2	0.19%	0.03%	0.15%	0.04%	0.08%
ROMANIA	33	0					
SLOVAKIA	15	0					
SLOVENIA	17	0					
SPAIN	172	0					
SWEDEN	155	21	1.34%	0.06%	0.94%	0.23%	0.46%
UNITED KINGDOM	334	140	14.73%	2.05%	6.35%	2.85%	3.38%

(\*) According to EIOPA's register of undertakings subject to Solvency II

Figure 2 shows the market share of solo undertakings benefiting from limitations in terms of SCR, net written premium, technical provisions and total assets by Member State. The yellow horizontal dashed line marks the 20% threshold referred in Article 35(6) and (7) of the Solvency II Directive, and which is applicable to the Non-life premiums and Life technical provisions ratios.

For all Member States, the Life and Non-life market shares are below 20% (in terms of Life technical provisions and Non-life premiums).

Figure 2: Market share of solo undertakings - by Member State



## Results for groups

Table 2: Groups

	Total number of groups(*)	Number of groups with limitations	Premium % of total	Life technical provisions (incl. UL) % of total	SCR % of total	Technical provisions % of total	Total assets % of total
All Member States	411	30	0.82%	0.22%	0.73%	0.36%	0.42%
AUSTRIA	5	0					
BELGIUM	16	0					
BULGARIA	0	0					
CROATIA	1	0					
CYPRUS	0	0					
CZECH REPUBLIC	0	0					
DENMARK	22	2	0.05%		0.27%	0.02%	0.04%
ESTONIA	0	0					
FINLAND	4	0					
FRANCE	41	6		0.00% (**)		0.01%	0.01%
GERMANY	61	6	3.21%	1.02%	0.95%	1.01%	1.04%



	Total number of groups(*)	Number of groups with limitations	Premium % of total	Life technical provisions (incl. UL) % of total	SCR % of total	Technical provisions % of total	Total assets % of total
GREECE	5	0					
HUNGARY	1	0					
ICELAND	4	0					
IRELAND	5	0					
ITALY	21	0					
LATVIA	0	0					
LIECHTENSTEIN	0	0					
LITHUANIA	0	0					
LUXEMBOURG	12	0					
MALTA <sup>3</sup>	25	0					
NETHERLANDS	30	0					
NORWAY	8	1	4.71%	0.24%	0.57%	0.31%	0.35%
POLAND	1	0					
PORTUGAL	10	0					
ROMANIA	0	0					
SLOVAKIA	0	0					
SLOVENIA	2	0					
SPAIN	28	0					
SWEDEN	30	0					
UNITED KINGDOM	79	15	1.13%	0.19%	2.36%	0.72%	0.90%

(\*) According to EIOPA's register of EEA groups of undertakings ("List of groups")

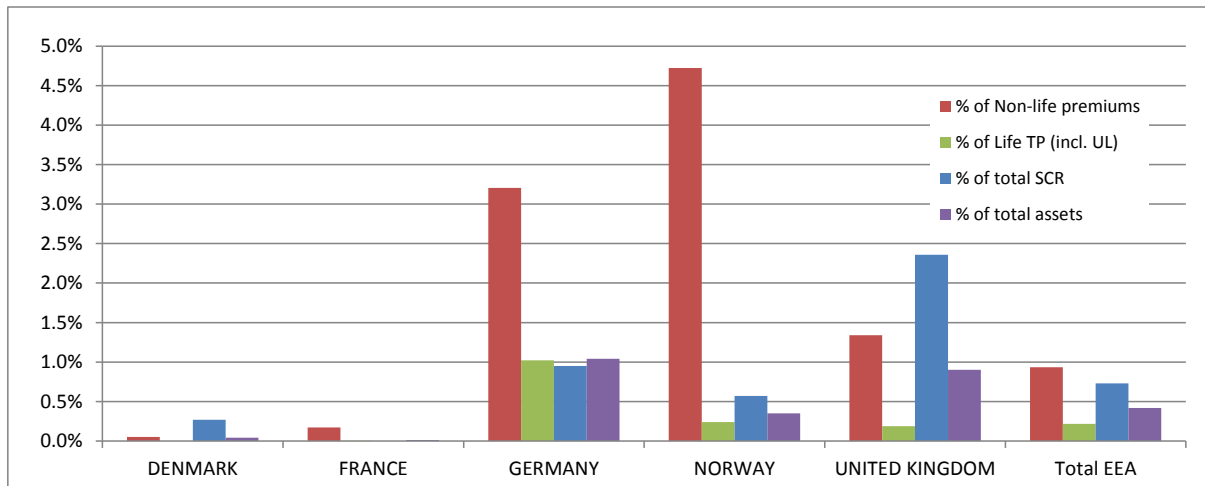
(\*\*) Appear as 0.00% due to rounding effect. "Real" zeros are not shown in the table

Figure 3 below shows the market share of groups with limitations in terms of SCR, net written premium, technical provisions and total assets by Member States. The Non-life and Life market shares of groups are calculated as the sum of Non-life premiums [resp. Life technical provisions] of the group insurance undertakings over the total Non-life premiums [resp. Life technical provisions] of the group home country.

Five Member States have authorised at least one group to use limitations. In all cases, the market share is below 5%.

<sup>3</sup> With regards to Malta: holding companies holding shares solely in one insurance undertaking fall within the definition of an insurance holding company in terms of Article 212 of the Solvency II Directive, and hence are being considered to be insurance groups.

Figure 3: Market share of groups - by Member State



### 3. Additional statistics

#### *Relative size of undertakings with limitations from reporting*

For each one of the Member States which authorised limitations, the table below shows the relative size of the smallest and of the largest undertaking with limitations (undertaking total assets in % of the country total assets), as well as the average size of undertakings. The last column shows the absolute amount of total assets for the largest undertaking using limitations in each country.

**Table 3: Relative size of undertakings with Limitations**

	Lowest undertaking market share <sup>4</sup> (% of total assets)	Average market share (% of total assets)	Largest undertaking market share (% of total assets)	Largest undertaking total assets (Million €)
DENMARK	0.00%	0.01%	0.05%	210.4
FRANCE	0.00%	0.02%	0.37%	9,685.9
GERMANY	0.00%	0.04%	0.48%	9,715.8
IRELAND	0.01%	0.43%	1.62%	5,381.5
LIECHTENSTEIN	0.02%	0.81%	2.85%	993.7
LUXEMBOURG	0.00%	0.02%	0.30%	636.6
MALTA	0.00%	0.53%	2.71%	268.1
NORWAY	0.00%	0.06%	0.64%	997.4
PORTUGAL	0.01%	0.04%	0.07%	37.1
SWEDEN	0.00%	0.02%	0.11%	325.5
UNITED	0.00%	0.03%	0.54%	14,977.9

Undertakings which have been authorised to use limitations individually represent up to 3% of their country market size. The largest (in terms of total assets) undertaking using limitations is located in the United Kingdom. Its total assets are just below 15 billion Euros.

#### *Templates subject to Limitations*

For each Member State applying limitations, the tables below show which reporting templates are most subject to limitations from reporting. Table 4 shows the number of solo undertakings using limitations from a specific template in a given country, as well as the percentage of total assets for these undertakings compared to the country total.

Table 5 shows similar statistics in the case of groups

<sup>4</sup> The “smallest” undertaking in each country usually represents less than 0.001% of its country market share. Therefore it appears as 0.00% due to rounding effect.

Table 4: Reporting templates subject to limitations from solo reporting

Country	Balance Sheet	List of assets	Collective investment undertakings - look-through approach	Open derivatives	Derivatives Transactions	Premiums, claims and expenses by line of business	Life and Health SLT Technical Provisions	Non-Life Technical Provisions	Own funds	Total country
DENMARK	-	19	11	7	7	7	7	7	-	19
FRANCE	377	377	377	377	377	377	377	377	377	377
GERMANY	-	76	-	76	76	76	76	76	76	76
IRELAND	-	-	16	-	16	-	-	-	-	16
LIECHTENSTEIN	-	13	14	15	15	10	9	13	7	18
LUXEMBOURG	187	187	187	187	187	-	187	187	187	187
MALTA	24	24	24	24	24	-	24	24	24	24
NORWAY	37	44	44	44	44	37	37	37	37	44
PORTUGAL	2	2	2	2	2	2	2	2	2	2
SWEDEN	12	13	20	21	21	13	19	13	13	21
UNITED KINGDOM	133	137	126	114	114	137	51	108	133	140
<b>Grand Total</b>	<b>772</b>	<b>892</b>	<b>821</b>	<b>867</b>	<b>883</b>	<b>659</b>	<b>789</b>	<b>844</b>	<b>856</b>	<b>924</b>

Country	Balance Sheet	List of assets	Collective investment undertakings - look-through approach	Open derivatives	Derivatives Transactions	Premiums, claims and expenses by line of business	Life and Health SLT Technical Provisions	Non-Life Technical Provisions	Own funds	Total country
DENMARK	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
FRANCE	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
GERMANY	0.0%	2.9%	0.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
IRELAND	0.0%	0.0%	6.5%	0.0%	6.5%	0.0%	0.0%	0.0%	0.0%	6.5%
LIECHTENSTEIN	0.0%	9.3%	11.6%	10.9%	10.9%	5.6%	2.8%	8.7%	2.6%	14.6%
LUXEMBOURG	4.2%	4.2%	4.2%	4.2%	4.2%	0.0%	4.2%	4.2%	4.2%	4.2%
MALTA	12.7%	12.7%	12.7%	12.7%	12.7%	0.0%	12.7%	12.7%	12.7%	12.7%
NORWAY	1.1%	2.5%	2.5%	2.5%	2.5%	1.1%	1.1%	1.1%	1.1%	2.5%
PORTUGAL	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
SWEDEN	0.2%	0.3%	0.5%	0.5%	0.5%	0.3%	0.4%	0.3%	0.3%	0.5%
UNITED KINGDOM	2.1%	2.1%	3.3%	1.9%	1.9%	2.1%	1.8%	0.7%	2.1%	3.4%
<b>Grand Total</b>	<b>2.1%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>3.2%</b>

There are no large differences across reporting templates: indeed, when limitations apply, they usually apply to most templates.

“List of assets” and “Derivative Transactions” are the templates with most limitations from quarterly reporting.

In terms of total assets, “Balance sheet” and “Non-Life Technical Provisions” benefit slightly less from limitations than other templates.

Table 5: Reporting templates subject to limitations from group reporting

Country	Balance Sheet	List of assets	Collective investment undertakings – look-through approach	Open derivatives	Derivatives Transactions	Premiums, claims and expenses by line of business	Life and Health SLT Technical Provisions	Non-Life Technical Provisions	Own funds	Total country
DENMARK	-	2	1	-	-	-	-	-	-	2
FRANCE	6	6	6	6	6	6	6	6	6	6
GERMANY	-	6	-	6	6	6	6	3	6	6
NORWAY	-	1	1	1	1	-	-	-	-	1
UNITED KINGDOM	11	13	12	11	11	13	1	2	12	15
<b>Grand Total</b>	<b>17</b>	<b>28</b>	<b>20</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>13</b>	<b>11</b>	<b>24</b>	<b>30</b>

Country	Balance Sheet	List of assets	Collective investment undertakings – look-through approach	Open derivatives	Derivatives Transactions	Premiums, claims and expenses by line of business	Life and Health SLT Technical Provisions	Non-Life Technical Provisions	Own funds	Total country
DENMARK	0.00%	0.04%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
FRANCE	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
GERMANY	0.00%	1.04%	0.00%	1.04%	1.04%	1.04%	1.04%	0.49%	1.04%	1.04%
NORWAY	0.00%	0.35%	0.35%	0.35%	0.35%	0.00%	0.00%	0.00%	0.00%	0.35%
UNITED KINGDOM	0.04%	0.07%	0.84%	0.05%	0.05%	0.07%	0.01%	0.03%	0.07%	0.90%
<b>Grand Total</b>	<b>0.01%</b>	<b>0.22%</b>	<b>0.22%</b>	<b>0.21%</b>	<b>0.21%</b>	<b>0.21%</b>	<b>0.19%</b>	<b>0.10%</b>	<b>0.21%</b>	<b>0.42%</b>

In the case of groups, “Balance sheet” and “Non-Life Technical Provisions” are also the templates which benefit less from limitations from quarterly reporting.

It is worth reminding that undertakings are expected to submit at least the “Minimum Capital Requirement” template on a quarterly basis. In addition, undertakings and groups which are using limitations from quantitative reporting still submit other types of reporting, such as the Solvency and Financial Condition Report or the Own Risk and Solvency Assessment.

#### 4. CONCLUSIONS

This report covers the 1<sup>st</sup> year of application of *limitations* from reporting. Therefore, it is a fact-finding document and changes could be expected in future. EIOPA envisages potential follow-up analyses and will watch the evolution of the use of this power by NCAs. In particular the 2017 report will be based on 2016 annual data in order to disclose information on the use of *exemptions* from annual reporting.

In 2016, more than 900 insurers, being almost 30% of all undertakings, benefit from limitations from quarterly reporting. Eleven NCAs have used the power to grant limitations from reporting. In all of these Member States, the market share of undertakings benefiting from limitations rests below the maximum of 20%, with some minor differences between the Life and Non-Life markets. The results for the whole EU market rest far below this threshold.

Undertakings benefitting from limitations are expected to be amongst the smaller ones in each Member State. They individually represent up to 3% of their country market size. The total assets of the largest undertaking using limitations from reporting are just below 15 billion Euros.

Finally, when limitations are used they are applied to most templates, although not necessarily to all.