



EUROPEAN CENTRAL BANK
EUROSYSTEM

Insurance corporations statistics compilation guide

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1 Aim of this compilation guide

National central banks (NCBs) regularly transmit statistical information on insurance corporations (ICs) to the European Central Bank (ECB). The collection of statistical information on ICs is necessary to satisfy regular and ad hoc analytical needs. It supports the ECB in carrying out monetary and financial analysis, and helps the European System of Central Bank (ESCB) contribute to the stability of the financial system.

The statistical information on ICs transmitted by NCBs to the ECB is based on the following legal instruments.

- The ECB Regulation on statistical reporting requirements for insurance corporations (Regulation ECB/2014/15¹ – hereinafter referred to as the “IC Regulation”²) sets out the ECB’s statistical requirements for ICs. It defines the statistical standards to be met by ICs when reporting statistical information to the national authorities. Regulations are binding on the entities to which they are addressed and are directly applicable, meaning that they do not need to be transposed into national law.
- Guideline ECB/2021/12³ on statistical information to be reported on financial intermediaries other than monetary financial institutions (hereinafter referred to as the “non-bank Guideline”) sets out the ECB’s statistical requirements for NCBs. In Section 3, the non-bank Guideline includes provisions on their reporting of statistical information on ICs to the ECB. The Guideline instructs NCBs on which data must be submitted to the ECB. Where the relevant statistics are not covered by the IC Regulation, the Guideline informs NCBs of the ECB requirements. The non-bank Guideline is binding on Eurosystem members. Non-euro area EU NCBs may also transmit data to the ECB on a voluntary basis.

This compilation guide aims to further clarify and illustrate the requirements laid down in the IC Regulation and in the non-bank Guideline. A clear, consistent understanding of the statistical requirements by compilers in the ESCB is essential for the production of harmonised IC statistics. The information in this compilation guide may also be of interest for reporting agents and users of these statistics.

In order to minimise the reporting burden on the insurance industry, the IC Regulation allows NCBs to derive the statistical requirements, to the extent possible, from data reported for supervisory purposes under the framework established by

¹ Regulation (EU) No 1374/2014 of the European Central Bank of 28 November 2014 on statistical reporting requirements for insurance corporations (ECB/2014/50) (OJ L366, 20.12.2014, pp. 36 ff).

² This Regulation also covers reporting requirements on holdings of securities as laid down in Regulation (EU) No 1011/2012 of the European Central Bank (ECB/2012/24).

³ Guideline (EU) 2021/831 of the European Central Bank of 26 March 2021 on statistical information to be reported on financial intermediaries other than monetary financial institutions (ECB/2021/12). This Guideline, together with four other guidelines, replaces Guideline ECB/2014/12 (amended by ECB/2015/44) on monetary and financial statistics.

Directive 2009/138/EC (hereinafter referred to as the “Solvency II Directive”⁴). This approach is followed by the vast majority of euro area NCBs. To facilitate the compilation and promote consistent practices across NCBs, the supervisory requirements have been mapped to the ECB requirements. This mapping is an important part of the compilation guide.

In a number of areas further work is being undertaken to gain a better understanding of specific issues and obtain further harmonisation across countries. This compilation guide is a live document which will be reviewed on a regular basis to update the methodological guidance and include new explanations or recommendations as work develops.

The compilation guide contains nine chapters. Chapter 2 provides an overview of the quarterly and annual IC statistics that NCBs are required to report to the ECB. Chapter 3 provides further details and background information on the classification of ICs by type. Chapter 4 describes the reporting population and explains the differences between the “home” and “host” approaches. Chapter 5 provides guidance on the compilation of statistics based on security-by-security (s-b-s) reporting by ICs. Chapter 6 describes in detail how the ECB requirements can be derived from the supervisory reporting requirements collected under Solvency II, including the use of estimations where necessary. Chapter 7 describes the compilation and reporting of reclassification adjustments in greater depth. Chapter 8 covers procedures for submitting data to the ECB and Chapter 9 includes an overview of national practices for various topics.

⁴ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L335, 17.12.2009, p.1).

2 ECB statistical reporting requirements for NCBs

In line with the non-bank Guideline, the IC data to be transmitted by NCBs to the ECB cover quarterly balance sheet information and annual information on premiums, claims and acquisition expenses for solo entities (no information is currently required for groups). The information reported is broken down into four types of insurers: reinsurance corporations, life insurance corporations, non-life insurance corporations and composite insurance corporations.

2.1 Quarterly requirements

2.1.1 Overview

The quarterly balance sheet requirements include a detailed instrument breakdown (with instruments recorded at nominal and/or fair value), original and remaining maturity breakdowns, and breakdowns by geographical location and sector of the counterparty. The information is reported in terms of outstanding amounts, reclassification adjustments and revaluation adjustments (covering price and exchange rate changes). Table 1 summarises the quarterly balance sheet requirements.

Further details about these requirements are provided for each individual instrument in Chapter 6, which describes how to derive the ECB requirements from the data collected for supervisory purposes.

Quarterly balance sheet data are transmitted by NCBs to the ECB in line with the non-bank Guideline (and its predecessor) as of the reference quarter, Q1 2016.

Table 1

Quarterly information transmitted by NCBs to the ECB

Assets	Maturity breakdown (remaining – R, original – O)	Geographical breakdown of counterparty	Sector breakdown of counterparty
1. Currency and deposits – fair value	R	√	
1x. of which transferable deposits		√	
1. Currency and deposits – nominal value		√	
2. Debt securities	R and O	√	√
3. Loans – fair value	R and O	√	√
3x. of which deposit guarantees in connection with reinsurance business		√	
3. Loans – nominal value	O	√	
4. Equity (listed shares, unlisted shares, other equity)		√	√
5. Investment fund shares/units (MMF s/u, non-MMF s/u)		√	
5x Non-MMF shares/units by type		Only totals	
6. Financial derivatives		Only total	
7. ITRs and related claims		√	
8. Non-financial assets		Only total	
9. Remaining assets		Only total	
Liabilities			
1. Debt securities issued		Only total	
2. Loans		√	√
2x. of which deposit guarantees in connection with reinsurance business		Only total	
3. Equity (listed, unlisted, other equity)		Only totals	
3x. of which reconciliation reserves		Only total	
4.1. Life ITRs		√	
Unit linked		Only total	
Non-unit linked		Only total	
4.1.a of which pension entitlements (defined contribution, defined benefit, hybrid schemes)		Only totals	
4.1.b of which accepted reinsurance		√	
4.2. Non-life ITRs		√	
4.2.a, b, c....Non-life ITRs by line of business		√	
5. Financial derivatives		Only total	
6. Remaining liabilities		Only total	

Note: ITRs stands for insurance technical reserves.

2.1.2 Valuation methods

In line with the IC Regulation, ICs will follow the accounting rules laid down in the Solvency II Directive or in any other national or international standards for ICs based on instructions provided by NCBs. Consequently, unless otherwise stated, instruments are valued in line with the Solvency II Directive.

Article 75 of the Solvency II Directive on the valuation of assets and liabilities specifies that “unless otherwise stated, insurance and reinsurance undertakings value assets and liabilities as follows:

- (a) assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm’s length transaction;
- (b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm’s length transaction”.

It follows that, in principle, the data transmitted by NCBs to the ECB are valued at market value if market values are available, or at fair value. The fair value is an approximation of the market value and is calculated by using a present value model to discount the expected future cash flows.⁵

This fulfils the valuation requirements of the European System of Accounts (ESA 2010⁶) for the majority of instruments. In accordance with the ESA 2010 (7.38), “market valuation is the key principle for valuing positions (and transactions) in financial instruments”. The market value is further defined as “that at which financial assets are acquired or disposed of, between willing parties, on the basis of commercial considerations only, excluding commissions, fees and taxes. In determining market values, trading parties also take account of accrued interest”.

NCBs transmit to the ECB information on the asset items “currency and deposits” and “loans” not only at a fair value, but also at nominal value. This complies with the requirements of the ESA 2010 (7.65 for currency and deposits, and 7.70 for loans).

In line with the IC Regulation, deposits and loans held by ICs will also “be reported at the principal amount outstanding at the end of the quarter. Write-offs and write-downs as determined by the relevant accounting practices shall be excluded from this amount”.

In accordance with the ESA 2010 (7.39), “nominal valuation reflects the sum of funds originally advanced, plus any subsequent advances, less any repayments, plus any accrued interest”.

2.1.3 Maturity breakdowns

The instruments “currency and deposits”, “debt securities” and “loans” are reported by original and/or remaining maturity. Table 2 shows the required maturity breakdowns.

⁵ European Central Bank. (2000), [Fair value accounting in the banking sector](#), Frankfurt am Main.

⁶ Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p.1).

Table 2

Quarterly information transmitted by NCBs to the ECB - maturity breakdowns

Assets	Original maturity breakdowns	Remaining maturity breakdowns
Currency and deposits – fair value		Up to 1 year
		Over 1 year
Debt securities	Up to 1 year	Up to 1 year
	Over 1 and up to 2 years	Over 1 and up to 2 years
	Over 2 years	Over 2 and up to 5 years
		Over 5 years
Loans – fair value	Up to 1 year	Up to 1 year
	Over 1 and up to 5 years	Over 1 and up to 2 years
	Over 5 years	Over 2 and up to 5 years
		Over 5 years
Loans – nominal value	Up to 1 year	
	Over 1 and up to 5 years	
	Over 5 years	

The original maturity of an instrument refers to the period of life of a financial instrument from the issue date until the final contractually scheduled payment, before which it cannot be redeemed (e.g. debt securities), or before which it can only be redeemed with a penalty (e.g. certain types of deposits). For example, a bond issued for ten years which has only one year left to run is recorded in the original maturity band “over 2 years”.

The remaining maturity of an instrument refers to the remaining period of life of a financial instrument at the end of the reporting period. It is the period between the reference date and the final contractually scheduled payment, before which it cannot be redeemed (e.g. debt securities), or before which it can only be redeemed with a penalty (e.g. certain types of deposits).

The maturity bands “up to” one, two or five years should be understood as “up to and including” one, two or five years. For example, a bond issued for exactly two years should be included in the original maturity band “over 1 and up to 2 years”.

2.1.4 Geographical breakdowns

Different levels of breakdowns by geographical residency are required for different combinations of instrument/valuation/maturity breakdown/sector breakdown of the counterparty. Depending on the combination, positions are required vis-à-vis domestic residents, residents in the euro area (total or country-by-country information), residents outside the euro area (total), residents in non-participating Member States (country-by-country information), residents in the United Kingdom (UK) or residents in main counterparties outside the EU (country-by-country information).

The geographical breakdowns required can be summarised in three broad levels going from the least detailed geographical breakdown (level 1) to the most detailed geographical breakdown (level 3). Level 1 represents the most aggregated geographical breakdown where counterparties are allocated to one of the three areas: “domestic”, “total euro area other than domestic” or “total Rest of the world”. Level 2 also identifies individual countries in the EU and the United Kingdom and level 3 additionally identifies nine main counterparties outside of the EU, in addition to the United Kingdom. For certain combinations of instrument/maturity breakdown/sector breakdown a geographical breakdown is only available for “domestic” and “total euro area other than domestic” counterparties, referred to as level 1.1.

Table 3 summarises the different levels of geographical breakdowns and is referred to in Chapter 6, which contains the detailed requirements for each instrument.

Table 3
Geographical breakdowns of counterparty residency

Level of geographical breakdown	Domestic	Euro area Member States other than domestic		Rest of the world		
		Total	Country-by-country ¹	Total	Non-participating Member States (country-by-country) and UK	Main counterparties outside the EU (country-by-country) ²
Level 1	√	√		√		
Level 1.1	√	√				
Level 2	√	√	√	√	√	
Level 3	√	√	√	√	√	√

Notes: 1) Since the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF) are euro area residents with no country allocation, they are separately identified as applicable (i.e. for asset items “debt securities” and “loans”).
2) Brazil, Canada, China, Hong Kong, India, Japan, Russia, Switzerland and the United States.

Some territories belonging to, or countries associated with, EU Member States may present difficulties in terms of their statistical classification (e.g. Mayotte, Andorra, Greenland).

Appendix 4 (Contents of country codes, Inclusions and exclusions of certain territories in country code) to Eurostat’s Balance of Payments Vademecum⁷ provides guidance on where to allocate counterparties resident in these territories.

2.1.5 Sector breakdowns

The sector of counterparty breakdown typically follows the ESA 2010, which provides the standard for sector classification. The IC Regulation (Table D in Part 4 of Annex II) contains a detailed description of the sectors which NCBs transpose into national categories. Counterparties located in the euro area are identified according to their sector in line with the lists held by the ECB for statistical purposes, and the guidance for the statistical classification of counterparties provided in the ECB’s

⁷ [Balance of Payments Vademecum](#).

*Monetary financial institutions and markets statistics sector manual – guidance for the statistical classification of customers.*⁸

The following sectors (or groups of sectors) of counterparty are requested:

1. Monetary financial institutions (MFIs): ESA 2010 sector S.121 (central bank) + ESA 2010 sector S.122 (deposit-taking corporations except the central bank) + ESA 2010 sector S.123 (money market funds – MMFs)

MFIs are defined in Article 2 of Regulation (EU) No 2021/379 (ECB/2021/2).⁹ They can be identified from the list of MFIs maintained by the ECB for statistical purposes.¹⁰ In the case of counterparties located outside the euro area, MFIs refer to banks. Similarly, non-MFIs are understood to be non-banks.

2. General government (GG): ESA 2010 sector S.13
3. Non-MMF investment funds (IFs): ESA 2010 sector S.124

IFs are defined in Article 1 of Regulation (EU) No 1073/2013 (ECB/2013/38).¹¹ They can be identified from the list of IFs held by the ECB for statistical purposes.

4. Other financial intermediaries, except ICs and pension funds: ESA 2010 sector S.125 (OFIs) + ESA 2010 sector S.126 (financial auxiliaries) + ESA 2010 sector S.127 (captive financial institutions and money lenders)

OFIs include financial vehicle corporations engaged in securitisation transactions (FVCs). FVCs are defined in Article 1 of Regulation (EU) No 1075/2013 (ECB/2013/40).¹² They can be identified from the list of FVCs held by the ECB for statistical purposes.

5. Insurance corporations (ICs): ESA 2010 sector S.128

ICs are defined in Article 1 of the IC Regulation and can be identified from the list of ICs held by the ECB for statistical purposes.

6. Pension funds (PFs): ESA 2010 sector S.129

⁸ March 2007, available on the ECB's website at <https://www.ecb.europa.eu/>.

⁹ Regulation (EU) No 2021/379 of the European Central Bank of 22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2) (OJ L 73, 3.3.2021, pp. 16-85).

¹⁰ While the European Investment Bank (EIB) is included in the list of euro area MFIs it should not be treated as such for statistical purposes and should be classified as an OFI resident in the "Rest of the world" (see section on Classification of EU institutions and other bodies and international organisations).

¹¹ Regulation (EU) No 1073/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (recast) (ECB/2013/38) (OJ L 297, 7.11.2013, pp.73-93).

¹² Regulation (EU) No 1075/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitization transactions (recast) (ECB/2013/40) (OJ L 297, 7.11.2013, pp.107-121).

Pension funds are defined in Article 1 of Regulation (EU) 2018/231 (ECB/2018/2).¹³ They can be identified from the list of PFs held by the ECB for statistical purposes.

7. Non-financial corporations (NFCs): ESA 2010 sector S.11
8. Households and non-profit institutions serving households (HHs & NPISHs): ESA 2010 sectors S.14 and S.15

On the asset side, breakdowns by sector of counterparty are required for the items “debt securities”, “loans at fair value” and “equity” as applicable (e.g. “households and non-profit institutions serving households” is not required for equity since households do not issue equity). No sector breakdowns are requested for “loans at nominal value” (which can in principle be estimated, if needed, from the breakdowns observed for loans at fair value), “financial derivatives”, “non-financial assets” and “remaining assets”. The sector of counterparty sector of the remaining instruments is clear by definition, i.e. MFIs in the case of “currency and deposits” and “MMF shares/units”, non-MMF IFs in the case of “non-MMF shares/units” and ICs in the case of “deposit guarantees in connection with reinsurance business” and “ITRs and related claims”.

On the liability side, a breakdown by sector of counterparty is only required for loans vis-à-vis MFIs and non-MFIs. For “deposit guarantees in connection with reinsurance business” and “life ITRs”, the sectors of counterparty are by definition ICs and households respectively. No sector breakdown is required for the remaining instruments.

Classification of EU institutions, international organisations and other similar bodies

Most EU institutions, international organisations and other similar bodies are classified under the “Rest of the world” segment in the general government sector. However, exceptions exist for a number of entities with banking-type operations. These include the following institutions.

- The European Stability Mechanism (ESM) and the European Financial Stability Fund (ESFS), which are classified as euro area general government, but not in any individual euro area Member State and therefore constitute economic territories in their own right. This classification applies as of the reference month July 2020 (i.e. reference quarter Q3 2020). Prior to that period, the ESM was classified as a euro area OFI, but not in any individual euro area Member State and the EFSSF was classified as an OFI resident in Luxembourg.
- The European Investment Bank (EIB) is classified as an OFI in the ESA 2010 and is treated as an economic territory in its own right outside the

¹³ Regulation (EU) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds (ECB/2018/2) (OJ L 45, 17.2.2018, pp. 3-30).

euro area but within the EU. It should therefore be classified under “total Rest of the world”. The EIB has been granted the status of eligible counterparty in Eurosystem refinancing operations and is therefore treated for operational purposes as a credit institution resident in the euro area. It has been included in the list of MFIs published by the ECB.

2.1.6 Adjustments and the derivation of transactions

Conceptual overview

In the quarterly IC balance sheet statistics, a distinction is made between financial transactions and other factors affecting changes in outstanding amounts over a reference period.

The ESA 2010 (paragraph 1.66) defines transactions as “an economic flow that is an interaction between institutional units by mutual agreement or an action within an institutional unit that it is useful to treat as a transaction, because the unit is operating in two different capacities”. It goes on to define financial transactions as those “which describe the net acquisition of financial assets or the net incurrence of liabilities for each type of financial instrument. Such transactions occur both as counterparts of non-financial transactions, and as transactions involving only financial instruments”.

Taking out or repaying a deposit, granting a loan or receiving repayment, and buying or selling a security (or relinquishing it on redemption) are all transactions, since they represent interactions between units by agreement. Debt forgiveness, where mutually agreed between two institutional units, is also a transaction.

However, other events which do not represent an interaction between institutional units by mutual agreement may affect the total amount of assets and liabilities recorded on IC balance sheets, such as changes in the price of securities, write-offs of loans arising from defaults (as opposed to debt forgiveness), reclassification of instruments or changes in the residency or sector of the counterparties.

These other factors are split into two broad categories in the context of IC statistics and comprise valuation effects arising from changes in prices and exchange rates, in addition to reclassifications. This is shown in Figure 1 below.

Figure 1

Factors affecting balance sheet outstanding amounts over a reference period

Outstanding amounts at time t-1	
+	
Transactions	Other factors
	Reclassifications Price and exchange rate changes
=	
Outstanding amounts at time t	

For each requirement in the IC balance sheet, NCBs transmit to the ECB information on outstanding amounts, revaluation adjustments due to price and exchange rate changes and reclassification adjustments. The ECB then derives financial transactions as the difference between outstanding amount positions at end-quarter reporting dates, from which the effects of changes resulting from the influence of revaluation adjustments (as a consequence of price and exchange rate changes) and reclassification adjustments are removed. The ECB derives financial transactions by applying the following formula:

$$TR_t = (S_t - S_{t-1}) - Rev_t - Rec_t \quad (\text{Formula 1})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

S_t = outstanding amount at time t

Rev_t = revaluation adjustment due to price and exchange rate changes reported for time t

Rec_t = reclassification adjustment reported for time t

Revaluation adjustments due to price and exchange rate changes

The IC Regulation defines revaluation adjustments due to price and exchange rate changes (hereinafter “revaluation adjustments”) as “changes to the valuation of assets/liabilities arising either from changes in the price at which assets/liabilities are recorded or traded, or from changes in exchange rates that affect the values, expressed in euro, of assets and liabilities denominated in a foreign currency”.

As further described in the IC Regulation, revaluation adjustments take into account holding gains/losses. These may occur due to changes in the value of end-period outstanding amounts because of changes in the prices at which the outstanding amounts are recorded. Since data are transmitted to the ECB in euro, changes in the exchange rate against the euro also result in changes in the value of foreign currency assets/liabilities when expressed in euro.

The IC Regulation also states that revaluation adjustments should in principle also take into account realised gains/losses, i.e. changes in value that result from transactions in assets/liabilities. However, there are different national practices in this area.

Write-offs of loans arising from defaults (as opposed to debt forgiveness) are also included in revaluation adjustments.

Reclassification adjustments

Reclassification adjustments are broadly equivalent to the definition of “other changes in the volume of assets and liabilities” as outlined in Chapters K.1-K.6 of the ESA 2010 and are, in principle, derived by NCBs. In the case of countries that carry out integrated reporting, some aggregated information on reclassification adjustments is collected in the Solvency II balance sheet template (see Chapter 6). More detailed information on the derivation of reclassification adjustments is provided in Chapter 7.

2.2 Annual requirements

The annual IC data requirements consist of premiums written, claims incurred and acquisition expenses. Business underwritten by insurance corporations is identified separately.

1. In the home country (including freedom to provide service (FPS) and business outside the European Economic Area (EEA) undertaken directly abroad by the domestic entity).
2. In the EEA countries on a country-by-country basis (via branches, including freedom to provide service through branches).
3. Outside the EEA – total (via branches). Business underwritten by branches resident in the United Kingdom is reported separately.

The annual requirements are shown in Table 4 below.

Table 4
Annual requirements for premiums, claims and acquisition expenses

Item	Total				
		Domestic	Branches in the EEA (country-by-country information)	Branches outside the EEA (total)	
					Branches in the United Kingdom
Premiums written	√	√	√	√	√
Claims incurred	√	√	√	√	√
Acquisition expenses	√	√	√	√	√

Business underwritten in the home country (1 above) includes the business underwritten by the parent undertakings resident in the home country, resident subsidiaries with the parent abroad and resident branches with the parent outside the EEA (known as third country branches). The business underwritten in the home country does not include business underwritten by resident branches whose parent is inside the EEA.

Annual IC data are transmitted by NCBs to the ECB in line with the non-bank Guideline (and its predecessors) as of the reference year 2016.

3 Definition of insurance corporations

3.1 Definition of the insurance corporations sector

The IC Regulation defines an IC as “a financial corporation or quasi-corporation that is principally engaged in financial intermediation as a consequence of the pooling of risks mainly in the form of direct insurance or reinsurance”.

It further specifies that the definition also includes:

- (a) a financial corporation or quasi-corporation that provides life insurance services, where policyholders make regular or one-off payments to the insurer in return for which the insurer guarantees to provide the policyholders with an agreed sum, or an annuity, at a given date or earlier;
- (b) a financial corporation or quasi-corporation that provides non-life insurance services to cover risks such as, for example, risks of accidents, sickness, fire or credit default;
- (c) a financial corporation or quasi-corporation that provides reinsurance services, where insurance is bought by the insurer to protect itself against an unexpectedly high number of claims or exceptionally large claims.

This is in line with the definition of insurance corporations (S.128) set out in the ESA 2010, paragraphs 2.100 ff.

3.2 Insurance corporations broken down by type

3.2.1 Definition of ICs broken down by type

NCBs transmit to the ECB statistical information on ICs aggregated at national level, separately identifying the following types of ICs: reinsurance corporations, life insurance corporations, non-life insurance corporations, and composite insurance corporations.

The types of ICs are defined in the non-bank Guideline and are in line with the Solvency II Directive and national laws, i.e. based on the licences granted to the ICs.

The non-bank Guideline defines ICs by type of corporation.

1. **Reinsurance corporations** are insurance corporations that have been authorised to pursue reinsurance activities but have not been authorised to pursue any direct insurance activities. Reinsurance activities may include life reinsurance activity, non-life reinsurance activity or a combination of life and non-life reinsurance activities.

2. **Life insurance corporations** are insurance corporations that have been authorised to pursue direct life insurance activities, but have not been authorised to pursue direct non-life insurance activities. Life insurance corporations may in addition be authorised to pursue reinsurance activities (life and/or non-life reinsurance activities, depending on national law).
3. **Non-life insurance corporations** are insurance corporations that have been authorised to pursue direct non-life insurance activities, but have not been authorised to pursue direct life insurance activities. Non-life insurance corporations may in addition be authorised to pursue reinsurance activities (life and/or non-life reinsurance activities, depending on national law).
4. **Composite insurance corporations** are insurance corporations that have been authorised to pursue both direct life and direct non-life insurance activities. In the case of insurance corporations subject to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive) this covers insurance corporations covered by Articles 73(2) and 73(5) of the Solvency II Directive. Composite insurance corporations may in addition be authorised to pursue reinsurance activities (life and/or non-life reinsurance activities, depending on national law).

3.2.2 Legal background – Solvency II Directive

The Solvency II Directive differentiates between direct life insurance undertakings, direct non-life insurance undertakings and reinsurance undertakings. It also specifies the cases in which insurance undertakings are authorised to pursue both life and non-life insurance activities.

Since there are no clear definitions of direct life insurance, direct non-life insurance and reinsurance undertakings in the Solvency II Directive, the definitions have to be deduced using different Solvency II Directive provisions.

Direct insurance undertakings

In accordance with Article 13(1) of the Solvency II Directive, an insurance undertaking is either a direct life or a direct non-life insurance undertaking which has received authorisation in accordance with Article 14 of the Solvency II Directive.

As specified in Article 15(2) of this Directive, authorisation shall be granted for a particular class of direct insurance as listed in Part A of Annex I (non-life insurance) or in Annex II (life insurance).

In line with Article 16, direct insurance undertakings also cover undertakings that have authorisation for one class of insurance (e.g. non-life) and issue business for another class of insurance (e.g. annuities) for which authorisation is not required.

Furthermore, in line with Article 18(1)(a), an insurance undertaking has to limit its objects to the business of insurance and operations directly arising therefrom.

However, Recital 9 of the Solvency II Directive also specifies that it does “not lay down any rules in respect of the scope of reinsurance activities that an insurance undertaking may be authorised to pursue” and that “it is for the Member States to decide to lay down any rules in that regard”.

Reinsurance undertakings

In accordance with Article 13(4) of the Solvency II Directive a reinsurance undertaking is an undertaking which has received authorisation, in accordance with Article 14, to pursue reinsurance activities.

Reinsurance is the activity of accepting risks ceded by an insurance undertaking or third-country insurance undertaking, or by another reinsurance undertaking or third-country reinsurance undertaking (Article 13(7) of the Solvency II Directive).

Reinsurance is composed of non-life reinsurance activity, life reinsurance activity or all kinds of reinsurance activity (i.e. life and non-life reinsurance; Article 15(5)).

Furthermore, in line with Article 18(1)(b), a reinsurance undertaking has to limit its objects to the business of reinsurance and related operations.

Insurance undertakings pursuing both life and non-life insurance activities

In line with Article 73(1) of the Solvency II Directive, insurance undertakings shall in principle not be authorised to pursue life and non-life insurance activities simultaneously.

However, Article 73(2) specifies that by way of derogation from paragraph 1, Member States may provide that:

- (a) undertakings authorised to pursue life insurance activity may obtain authorisation for non-life insurance activities for the risks listed in classes 1 and 2 in Part A of Annex I;
- (b) undertakings authorised solely for the risks listed in classes 1 and 2 in Part A of Annex I may obtain authorisation to pursue life insurance activity.

Furthermore, Article 73(5) specifies that undertakings which have simultaneously pursued both life and non-life activities on specific dates (spelled out in the Solvency II Directive) may continue to pursue these activities simultaneously.

Therefore, there are two types of composite insurance undertakings: (i) undertakings authorised to pursue both life insurance activities and non-life insurance activities for the accident and sickness classes (in line with Article 73(2)), hereinafter referred to

as “new” composite insurance undertakings, and (ii) undertakings authorised to pursue both life and non-life insurance activity, with no restrictions to particular classes (in line with Article 73(5)), hereinafter referred to as “old” composite insurance undertakings. For both types of composite insurance undertakings, national laws may allow reinsurance business activities to be carried out as stated in Recital 9.

In this context, it should also be highlighted that in line with Article 144(1)(a) of the Solvency II Directive on the withdrawal of authorisation, the supervisory authority may withdraw its authorisation if the undertaking concerned does not make use of the authorisation within 12 months, [...] or ceases to pursue business for more than six months. It is therefore expected that composite insurance undertakings will in general report both life and non-life insurance activities.

3.2.3 Legal background – national laws

National laws concerning different types of ICs are fairly similar across countries and in line with the Solvency II Directive.

Chapter 9 of this compilation guide provides an overview of national approaches.

4 Reporting of branches – home versus host approach¹⁴

In line with the IC Regulation, NCBs may collect data from all ICs resident in a country (known as the “host approach”) or they may derive the data required for ECB purposes from data collected for supervisory purposes, thereby covering resident parent undertakings and subsidiaries, their branches abroad, as well as resident branches with a head office outside the EEA (the “home approach”).

In principle, data transmitted to the ECB in accordance with the non-bank Guideline should follow the host approach, which is consistent with the residency principle of the ESA 2010. However, NCBs deriving the data required for ECB purposes from supervisory data (following the home approach) may also transmit the data to the ECB following the home approach.

The difference between the home and the host approach is linked to the **branches covered by the data reported**.

Under the **home approach** the data reported for a specific country include the following branches:

- branches of domestic ICs (parent undertakings/subsidiaries) resident abroad;
- branches resident in the country with a head office located outside the EEA (“third-country branches”).

Under the **host approach** the data reported for a specific country include the following branches:

- branches resident in the country with a head office abroad (irrespective of country).

It follows that, for a specific country, host approach data are derived from home approach data as shown in Figure 2 below.

¹⁴ This section includes the current guidance on reporting of branches (home versus host approach). This guidance is currently being reviewed at ESCB level.

Figure 2

Deriving host approach data from home approach data at national level

National home approach data

minus

foreign branches, i.e. data on branches of domestic ICs (parent undertakings/subsidiaries) resident abroad – Branches may be resident in the euro area, non-euro area EU, non-EU EEA or the Rest of the world

plus

resident branches, i.e. data on branches resident in the country with a head office resident in the EEA (euro area + non-euro area EU + 3 non-EU EEA countries¹⁵)

equal

national host approach data

In principle, the non-bank Guideline specifies that data may only be transmitted using the home approach as long as the difference between the host approach and home approach data is not deemed to be significant. The significance of the difference shall be assessed by NCBs based on relevant information available at national level. An assessment shall also be made by the ECB based on the annual data on premiums written that are collected, as discussed in Section 2.2.

The procedure for deriving host approach data from home approach data when the difference between the two approaches is too large still needs to be defined. Until such a procedure has been established, NCBs are exempted from adjusting their data. However, NCBs that wish to adjust their data at this stage, may, on a voluntary and best efforts basis, derive host approach data from the data collected under the home approach.

The home versus host approach issue only applies to the transmission of quarterly balance sheet statistics. The annual information on premiums, claims and acquisition expenses is by definition based on the home approach and should always be transmitted as such.

Chapter 9 summarises the approaches currently followed by NCBs and describes the adjustments made at national level.

¹⁵ Iceland, Liechtenstein and Norway.

5 Compilation of aggregated statistical information based on security-by-security reporting

5.1 Security-by-security requirements in line with the IC Regulation¹⁶

In line with Part 1 of Annex I to the IC Regulation, reporting agents are required to report information on holdings of securities (debt securities, equity and investment fund shares/units) with ISIN codes on a security-by-security (s-b-s) basis (Part 1.1(a)). Information on securities without ISIN codes may be reported either on an s-b-s or an aggregated basis, broken down by instrument/maturity categories and counterparties (Part 1.1(b)).

The information to be provided on an s-b-s basis is set out in Table 2 in Part 3 of Annex 1 to the Regulation. In general, for each such position, reporting agents are required to report two of the following three variables: (1) number of units (equity) or aggregated nominal amount (debt), (2) security price, and/or (3) total amount. NCBs may also choose to collect transactions on an s-b-s basis.

5.2 Security-by-security reporting under Solvency II

When NCBs derive the statistical information from data collected for supervisory purposes, information on securities is available on an s-b-s basis from the “List of assets” template (SE.06.02) (see Chapter 7) irrespective of whether the security has an ISIN code. The information reported includes, for each security, information on the position held (e.g. quantity, par amount, total Solvency II amount) and information on the security (e.g. issuer country, price, maturity date). The information reported fulfils the s-b-s requirements of the IC Regulation.

In addition, a number of items have been added to the list of assets template for the purpose of deriving ECB requirements (ECB add-ons). This is explained in Chapter 7. The ECB add-ons applicable to securities are as follows.

- Country of residence for collective investment undertakings
- Issue date
- Issuer sector according to the ESA 2010

¹⁶ In order to minimise the reporting burden on ICs, NCBs can combine their reporting requirements under the IC Regulation and the requirements under Regulation (EU) No 1011/2012 of the European Central Bank of 17 October 2012 concerning statistics on holdings of securities (ECB/2012/24).

- Instrument classification according to the ESA 2010
- Issue price
- Cancellation option

The ECB add-on “country of residence for collective investment undertakings” allows the geographical location of issuers for investment fund shares/units held by ICs to be derived. This add-on is needed as for IF shares/units, the issuer country in the Solvency II list of assets template refers to the country of the IF management company and not to the residency of the IF, which is required for statistical purposes.

The ECB add-on “issue date” allows original maturity breakdowns to be derived where required.

The ECB add-ons “country of residence for collective investment undertakings” and “issue date” only have to be reported for securities with no ISIN code since the required information can be derived from the centralised securities database (CSDB) (see Section 5.3 below).

The ECB add-on “instrument classification according to ESA 2010” is reported for instruments that are classified as debt securities or equity for supervisory purposes but are classified differently for statistical purposes.

The ECB add-on “issue price” is reported for zero-coupon bonds with no ISIN code and where the Complementary Identification Code (CIC) categories are 1, 2, 5 and 6¹⁷, as the required information can be derived from the CSDB. The issue price is used to calculate the phantom interest accrued, which should be recorded as a transaction for statistical purposes (see Section 5.3 below).

The ECB add-on “cancellation option” is reported for financial instruments with no ISIN code – where CIC categories are 1, 2, 5, 6 and 8 – that are repayable on demand at the request of the insurance corporation (see Section 5.3 below). If financial instruments have a cancellation option, they are recorded as short-term. The CSDB stores information on whether an instrument can be paid on demand in the CFI or the CFI 2015 code (CFIN) fields, which are reported for bonds. Instruments that are reported to have a call option should be considered for the short term. The cancellation option is thus relevant for original and remaining maturity calculations as described in Section 6.5.3.

¹⁷ Currently the “issue price” can also be reported for CIC 8. This will be rectified in the next taxonomy update.

5.3 Compilation of aggregated statistical information on holdings of securities

Based on the information collected on an s-b-s basis and potentially on an aggregated basis, NCBs derive aggregated quarterly information in line with Table 1a of Annex I to the Regulation.

This chapter describes, in conceptual terms, how the aggregated data on IC holdings of securities can be derived from the s-b-s data collected from ICs. The description covers both the derivation of outstanding amounts and the derivation of transactions/revaluation adjustments from those outstanding amounts if s-b-s information on transactions is not collected directly from reporting agents.¹⁸

5.3.1 Compilation of outstanding amounts on holdings of securities

Based on s-b-s requirements in line with the IC Regulation

Article 8 of the non-bank Guideline describes in general terms how the aggregated quarterly data for securities are derived.

The value for each security position (with its required breakdowns) is derived based on the reported s-b-s information and the information directly provided by the reporting agent on an aggregated basis.

The compilation of outstanding amounts can be split into two steps: (1) the enrichment of the s-b-s information with reference data covering the issuer sector, issuer residency and issuing currency, as well as the instrument/maturity classification as provided by the CSDB, and (2) the calculation of the total for each security aggregate as the sum of the relevant lines from the s-b-s reporting and the relevant aggregates submitted directly by the reporting agent.

Based on s-b-s reporting under Solvency II

When NCBs derive the statistical information from data collected for supervisory purposes, information on securities is available on an s-b-s basis irrespective of whether the security has an ISIN code. However, some information required for ECB purposes is not collected for securities with ISINs. This concerns information on the categories “issuer sector according to ESA 2010”, “country of residence for collective investment undertakings”, “issue date”, “issue price” and “cancellation option” (see Section 5.2 above).

It follows that the calculation of outstanding amounts for securities can be split into two steps: (1) the enrichment of the securities information (for securities with ISINs)

¹⁸ This is definitely the case when data are derived from the supervisory requirements.

with reference data that cover issuer sector, issuer country (in the case of investment funds) and issue date (for debt securities) provided by the CSDB, and (2) the calculation of the required aggregates for securities with the necessary breakdowns (by instrument, maturity, counterparty country and counterparty sector). The aggregates can be derived by adding the relevant lines in the s-b-s reporting.

Table 5 below shows a simplified example of s-b-s reporting. Based on this example, total IC holdings of IF shares/units issued by Country A would be derived by adding the total amounts for ISIN 2 and non-ISIN 2 (i.e. 125). Total IC holdings of debt securities issued by Country A would correspond to the total amount reported for ISIN 1 (i.e. 100).

Table 5
Simplified example of the derivation of aggregates based on Solvency II s-b-s reporting

	Total amount	Instrument	Issuer country ¹	Country of residence for CIU
ISIN 1	100	Debt security	Country A	Not applicable
ISIN 2	50	IF share/unit	Country B	Country A (enriched with CSDB)
ISIN 3	300	IF share/unit	Country A	Country C (enriched with CSDB)
Non-ISIN 1	200	Debt security	Country D	Not applicable
Non-ISIN 2	75	IF share/unit	Country C	Country A

1) In Solvency II reporting, the issuer country refers to the country of the IF management company.

While aggregates for non-ISINs are derived from the information reported in the list of assets template (i.e. alternative information is not available from the CSDB), information on ISIN securities is available both from the list of assets template and the CSDB.

It follows that in the case of securities with ISINs, different compilation approaches are, in principle, possible, using either the CSDB or the classifications made by each reporting agent and reported for Solvency II to derive aggregates. This concerns information on instrument and sector breakdowns or information on securities prices. The information available from the CSDB and Solvency II reporting is not always consistent. Chapter 6 includes some guidance on the preferred source.

5.3.2 Derivation of transactions/revaluation adjustments on holdings of securities

Holdings of securities (debt securities, equity, MMF and non-MMF investment fund shares) are to be recorded at market (or fair) value. This implies that outstanding amounts increase or decrease with changes in the market price (converted into euro) of the securities. These changes need to be separately identified in order to derive financial transactions.

The information on outstanding amounts, as presented in Section 5.3, form the basis for the derivation of transactions/revaluation adjustments for securities on an s-b-s basis (i.e. separately for each security).

This section outlines conceptual solutions for the derivation of transactions. The approach presented consists of the direct calculation of transactions. Revaluation adjustments (consisting of price revaluations and exchange rate adjustments) and reclassification adjustments, which are ultimately to be provided by the NCBs to the ECB, are derived as the “difference in outstanding amounts between t and t-1 minus transactions”.

An estimate of financial transactions in securities can be derived by using the s-b-s information collected and assuming that the net acquisitions (or disposals) of a particular security occur at the average price of the security over the reporting period (or, alternatively, that financial transactions are evenly spread over the reporting period).¹⁹ The average price of the security may be calculated using market data (or the CSDB) or it may be roughly approximated by taking the average of the security price at the beginning and the end of the reporting period.

5.3.2.1 Debt securities

Transactions in securities other than shares which occur between t-1 and t can be derived using dirty prices (including accrued interest).

As specified in the ESA 2010 (paragraph 4.50), accrued interest must be recorded as a transaction until it is paid. The interest accruing in each period prior to maturity should be recorded as a financial transaction that represents a further acquisition of the financial asset. When accrued interest is paid, a corresponding decrease is recorded in the amount of the respective financial asset held.

Transactions are calculated as follows:

$$TR_t = (N_t - N_{t-1}) * (DP_{t-1} + DP_t)/2 + IN_t \quad (\text{Formula 2})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

N_t = debt securities - aggregated nominal amount²⁰ at time t

DP_t = debt securities, dirty price in euro at time t

¹⁹ The quality of this assumption depends on (i) the volatility of the price over the reporting period (the more volatile the price, the worse the assumption will be as the exact timing of the transaction would matter more), and (ii) the length of the reporting period, in other words, of the interval over which no data on net acquisitions are observed (the longer the interval, the worse the assumption).

²⁰ The nominal amount denotes the face value and not the nominal value according to the ESA 2010. Under the ESA 2010, the nominal value includes accrued interest.

IN_t = interest income between $t - 1$ and t

Deriving interest income using the CSDB

The interest income (IN_t) between $t-1$ and t to be added to Formula 2 above can be derived according to Formula 3 below, based on information available in the CSDB.

$$IN_t = (N_t + N_{t-1})/2 * DAYS * ACF - IP_t \quad (\text{Formula 3})$$

where

N_t = debt securities – aggregated nominal amount²¹ at time t

$DAYS$ = number of interest-bearing days, i.e. number of days between the “date from which accrued interest is calculated (inclusive), $t - 1$ ” and the “date to which accrued interest is calculated (exclusive), t ” = number of days between $t - 1$ and t

ACF = accrued income factor, i.e. daily security-specific accrued income factor in %, calculated following the debtor approach, where the factor includes the combined effect of interest accrued due to coupons and income accrued due to the difference between the issue and the redemption price

IP_t = interest paid during the period $t - 1$ to t

In the CSDB, a daily accrued income factor (ACF), which provides the accrued income per unit and per day, is calculated for each security.²² The daily accrued income factor takes into account the accrued interest on bonds paying a coupon as well as the interest accrued on bonds issued at a discount or at a premium.

Using the CSDB, the accrued interest can therefore be derived using the attributes “accrued income factor” and “last coupon date”, from which the number of interest-bearing days can be derived. Alternatively, since the CSDB explicitly provides the attribute “accrued interest”, this can be used directly instead of deriving it from the accrued income factor and the last coupon date.

In order to derive the interest paid during the period $t - 1$ to t (IP_t), the attributes shown in Table 6 can also be obtained from the CSDB.

²¹ The nominal amount denotes the face value and not the nominal value according to the ESA 2010. Under the ESA 2010, the nominal value includes accrued interest.

²² The CSDB includes the possibility of calculating accrued income on a security-by-security basis following either the “debtor” or the “creditor” approach. In accordance with the System of National Accounts (SNA) 2008, the approach chosen for the purpose of this compilation guide is the debtor approach.

Table 6

Attributes available in the CSDB to derive interest paid

Name of attribute	Description
Last coupon rate (C_t)	Last coupon rate in percentage per annum, actually paid (annualised rate)
Last coupon date	Date of last coupon paid
Coupon frequency (F)	Number of times per year that the coupon rate is paid out: "annual" transforms into 1, "semi-annual" into 2, etc.

Interest paid:

$$IP_t = (N_t + N_{t-1})/2 * C_t * 1/F * n \quad (\text{Formula 4})$$

where

N_t = debt securities – aggregated nominal amount²³ at time t

C_t = last coupon rate in percentage per annum, actually paid (annualised rate)

F = number of times per year that the coupon rate is paid out

n = number of coupons paid in the period $t - 1$ to t

The date of the last coupon paid makes it possible to establish whether the last coupon actually paid falls within the reporting period.

An alternative method for deriving interest income for transactions is to take the difference between the total income accrued for outstanding amount positions at the respective end-period reporting dates.

$$IN_t = IA_t - IA_{t-1} \quad (\text{Formula 5})$$

where

IN_t = interest income between $t - 1$ and t

IA_t = interest accrued at t

The following numerical example shows the calculations and their outcome for transactions in accrued interest for a particular security.

²³ The nominal amount denotes the face value and not the nominal value according to the ESA 2010. Under the ESA 2010, the nominal value includes accrued interest.

Table 7**Calculation of transactions in accrued interest – numerical example****Characteristics of the security**

(nominal amount (N): 10 000, annual coupon rate: 2.75%, coupon frequency: 2 per year, coupon dates: 22/10/2020, 22/04/2021, 22/10/2021, ACF (using actual/365) = 0.000075342 (=0.0275/365))

	Number of days of accrued interest (d)	Accrued interest $AI=d*N*ACF$	Coupon paid (IP)	Number of days between end-period reporting dates (DAYS)	Quarterly transactions $(N*ACF*DAYS) - IP$	Quarterly transactions $AI_t - AI_{t-1}$
30/09/2020	161	121.3				
22/10/2020	0	0	137.5			
31/10/2020	9	6.8				
30/11/2020	39	29.4				
31/12/2020	70	52.7		92	-68.2	-68.6
31/01/2021	101	76.1				
28/02/2021	129	97.2				
31/03/2021	160	120.5		90	67.8	67.8
22/04/2021	0	0	137.5			
30/04/2021	8	6.0				
31/05/2021	39	29.4				
30/06/2021	69	52.0		91	-68.9	-68.5
31/07/2021	100	75.3				
31/08/2021	131	98.7				
30/09/2021	161	121.3		92	69.3	69.3
22/10/2021			137.5			
31/10/2021	9	6.8				
30/11/2021	39	29.4				
31/12/2021	70	52.7		92	-68.2	-68.6

Debt securities issued at discount/premium to their face value

In the case of debt securities that are issued at a discount (e.g. zero coupon bonds) or premium to their face value, when the security matures, the investor will receive a lump sum equal to the initial investment plus/less interest that has accrued. In other words, for securities issued at a discount or at a premium and which do not pay coupons, the accrued interest is equal to the difference between the redemption price (par amount) and the issue price of the security times the fraction of the accrual period over the original maturity.²⁴

$$\frac{\text{par amount} - \text{value at issue}}{\text{original maturity}} (\text{original maturity} - \text{residual maturity}) \quad (\text{Formula 6})$$

²⁴ Under the simplifying assumption of linear interest accrual.

In this case, the interest accrues over the life of the bond and is automatically reflected in the price of the instrument.

For debt securities included in the CSDB, the interest income may be derived using the approach presented in Formula 3.

5.3.2.2 Shares and other equity

Transactions in shares and other equity which occur between t-1 and t can be approximated using the following basic formula:

$$TR_t = (Q_t - Q_{t-1}) * (P_{t-1} + P_t)/2 \quad (\text{Formula 7})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

Q_t = number of shares at time t

P_t = price per share in euro at time t

Treatment of bonus shares and stock splits

In the case of bonus shares (also referred to as stock dividends or scrip issues) or stock splits, companies increase the number of shares in issue either by further subdividing the stock that is already outstanding (stock splits) or by distributing more shares as dividends. In other words, the shares are restructured and shareholders are offered a number of new shares for each share previously held. For example, a two-for-one scrip issue (i.e. two new shares in addition to one old share) is equivalent to a three-for-one stock split. In contrast to when new shares are issued in return for additional funds, no new resources are provided in these cases. Furthermore, they do not amount to active portfolio decisions, given that the shareholder does not have the option of receiving cash. Therefore, stock splits and bonus share issues do not represent transactions.

Both bonus shares and stock splits increase the number of shares and reduce the value per share, all other things being equal. The distinction between the two is a technical one: a bonus share is shown in the accounts of the company as a transfer from retained earnings to equity capital, whereas a stock split is shown as a reduction in the par value of each share.

The CSDB contains two attributes that can be used to derive the correct transactions in the event of stock splits, namely the “last split date” and the “last split factor”.²⁵ The last split date is used to determine whether a stock split occurred during the reporting period, and if a stock split did occur, the last split factor is used to adjust the number of shares and the price at t in basic Formula 7 to calculate transactions. The amended formula for calculating transactions taking into account stock splits is shown below.

$$TR_t = (Q_t * SF - Q_{t-1}) * (P_{t-1} + P_t/SF)/2 \quad (\text{Formula 8})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

Q_t = number of shares at time t

P_t = price per share in euro at time t

SF = last split factor

When shares are not included in the CSDB, the information needed to derive transactions is not available. It is, however, assumed that these events are of minor importance and that a good proxy can be obtained by only using stock splits for shares which are in the CSDB.

²⁵ The last split factor is defined as the number of shares before the split divided by the number of shares after the split, i.e. the value $\frac{1}{2}$ denotes a two-for-one stock split.

6 Deriving ECB requirements from supervisory reporting including ECB add-ons

This chapter discusses how the ECB requirements on IC statistics can be derived from Solvency II reporting. It provides an overview of the supervisory reporting and explains how the integrated reporting of statistical and supervisory data works in practice. It also explains in detail (instrument by instrument) how the ECB requirements can be derived from the supervisory reporting templates.

6.1 Introduction to Solvency II supervisory reporting requirements

The supervisory reporting requirements (quantitative reporting templates and instructions) applicable to all undertakings subject to the Solvency II Directive (resident parent undertakings/subsidiaries including their branches abroad) are defined in Commission Implementing Regulation (EU) 2015/2450 of 2 December 2015, laying down implementing technical standards with regard to the templates for the submission of information to the supervisory authorities according to Directive 2009/138/EC of the European Parliament and of the Council (hereinafter the “ITS on supervisory reporting”).²⁶ The ITS on supervisory reporting has been amended regularly since 2015.²⁷

The supervisory reporting requirements applicable to third-country branches (i.e. branches resident in the EEA belonging to insurance or reinsurance undertakings with head offices outside the EEA) are set out in the EIOPA Guidelines on the supervision of branches of third-country insurance undertakings (hereinafter the “TCB Guidelines”).²⁸

The ITS on supervisory reporting includes reporting templates (Annex I of the ITS on supervisory reporting), referred to as quantitative reporting templates (hereinafter “QRTs”) and descriptions of the cells in the QRTs known as “instructions regarding reporting templates for individual undertakings” (Annex II of the ITS on supervisory reporting), also referred to as LOG files.

In accordance with the ITS on supervisory reporting and the TCB Guidelines, the supervisory reporting requirements apply as of the reference quarter Q1 2016 (for

²⁶ OJ L 347 31.12.2015, p.1 (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015R2450>).

²⁷ The following [link](#) contains the latest consolidated version. This version includes amendments of Commission Implementing Regulations (EU) 2016/1868 of 20 October 2016, (EU) 2017/2189 of 24 November 2017, (EU) 2018/1844 of 23 November 2018, (EU) 2019/2103 of 27 November 2019 and (EU) 2020/657 of 15 May 2020.

²⁸ EIOPA-BoS-15/110 dated 23 October 2015, amended by EIOPA-17/125 dated 18 June 2017, EIOPA-18/296 dated 12 July 2018 and EIOPA-22/167 dated 18 March 2022.

quarterly templates) and as of the reference year 2016²⁹ (for annual templates). A reduced number of quantitative templates were also required for the opening information (day 1 reporting, reference date 1 January 2016).

6.2 Unofficial reporting templates including ECB add-ons

While a large part of the information required under the IC Regulation can be derived from the data provided for supervisory purposes, some additional data required purely for statistical purposes have to be collected, or alternatively, estimated.

In order to reduce the reporting burden for ICs, a strong need was expressed to integrate all requirements (statistical and supervisory) into one reporting process. This would prevent the industry having to deal with two different reporting frameworks and having to develop two different reporting systems.

For this purpose, the ECB, in close cooperation with EIOPA, prepared reporting templates that integrate the statistical and supervisory data requirements. These reporting templates are known as “unofficial reporting templates including ECB add-ons” (hereinafter “URT^s”)³⁰ and highlight the information that needs to be provided for statistical purposes over and above the supervisory requirements (“ECB add-ons”). The URTs consist of (i) QRTs for which there are ECB add-ons, and (ii) newly introduced templates for statistical purposes (consisting entirely of ECB add-ons). The accompanying files “instructions for ECB add-ons” include instructions for reporting ECB add-ons.

The URTs are purely for illustrative purposes and are not subject to mandatory reporting across all EU Member States. The templates are referred to as “unofficial” to distinguish them from the QRTs in the ITS on supervisory reporting.

6.3 EIOPA’s technical implementation of reporting requirements³¹

Data point model (DPM) and eXtensible Business Reporting Language (XBRL)

In order to ensure supervisory reporting is uniformly implemented, the data items included in the ITS on supervisory reporting and the TCB Guidelines have been translated into a Data Point Model (DPM). The DPM implemented by EIOPA is a structured representation of the data, identifying all business concepts and their relationships, as well as validation rules. It contains all the relevant technical

²⁹ With the exception of annual templates on Variation Analysis (S.29.01 – S.29.04) which were only to be submitted as of ref. 2017, focusing on the variation in excess of assets over liabilities between 2016 and 2017.

³⁰ [Insurance corporations data and reporting](#).

³¹ All information is available on [EIOPA's website](#).

specifications necessary to develop an IT reporting solution,³² and includes annotated templates, a DPM dictionary and validations. The technical data requirements and validation rules described in the DPM are implemented in the technical format eXtensible Business Reporting Language (XBRL).

The ECB add-ons have also been integrated into the technical reporting framework set up by EIOPA, based on the DPM and XBRL.

Reading the annotated templates

The annotated templates are very close in content to the QRTs and URTs, but may show some differences for the purpose of collecting data.

One such example and a main difference between QRTs/URT and the annotated templates concerns the reporting of securities with an ISIN code. In the QRTs/URT, securities with an ISIN code are identified from the asset ID code (which corresponds to ISO 6166 for the ISIN code, where available) and the asset ID code type (which is “1” for ISIN or “99/1” for the same ISIN but with a different quotation currency). In the annotated templates, the asset ID code and asset ID code type are merged into the asset ID code and type of code cell which includes a code that starts with “ISIN/” (in the case of instruments with an ISIN code) and with “CAU/ISIN/{code+currency}” (for instruments with an ISIN code that are traded on different markets, in different currencies).

To visualise the differences, the following tables show extracts from the QRT S.06.02 (list of assets) and the corresponding annotated template:

S.06.02 (extract)

List of assets

Information on assets

Asset ID code	Asset ID code type	Item title	Issuer name
C0040	C0050	C0190	C0200

³² Source: EIOPA.

Extract from instructions on reporting templates for individual undertakings (Annex II) of the ITS on supervisory reporting

	Item	Instructions
C0040	Asset ID code	Asset ID code using the following priority: ISO 6166 code of ISIN when available When the same Asset ID Code needs to be reported for one asset that is issued in 2 or more different currencies, it is necessary to specify the Asset ID code and the ISO 4217 alphabetic code of the currency, as in the following example: 'code+EUR'
C0050	Asset ID code type	Type of ID Code used for the 'Asset ID Code' item. One of the options in the following closed list shall be used: 1 – ISO 6166 for ISIN code 99 – Code attributed by the undertaking When the same Asset ID Code needs to be reported for one asset that is issued in 2 or more different currencies and the code in C0040 is defined by Asset ID code and the ISO 4217 alphabetic code of the currency, the Asset ID Code Type shall refer to option 99 and the option of the original Asset ID Code, as in the following example for which the code reported was ISIN code + currency: '99/1'.

Extract from annotated template S.06.02.01 (list of assets)
S.06.02.01.02

Z Axis:

SU/Assets other than derivatives and Assets held as collateral
Information on assets

Asset ID Code and Type of code	Item Title	Issuer Name
C0040	C0190	C0200
natural key *mandatory*	Metric String	Metric String
UI: URI	TS/Item title	TS/Name of issuer/seller/transferor/receiver/reinsurer/provider

An explanation of how to report cell C0040 (asset ID code and type of code) in the annotated templates is specified in EIOPA's XBRL filing rules³³ (e.g. ISIN/{code} for ISO 6166 for the ISIN code or CAU/ISIN/{code+EUR} and CAU/ISIN/{code+USD}), if, for example, an ISIN code does not differentiate between an instrument quoted in EUR and USD).

The latest version of the annotated templates is available on the EIOPA homepage.

The annotated templates are coded using the structure {S/SE/E.XX.YY.ZZ}, which contains the following elements.

- S/SE/E: an alphanumeric code which identifies the templates as follows:
 - S: Solvency II quantitative reporting template (QRT);
 - SE: QRT extended to include ECB add-ons;
 - E: specific ECB add-on template.

³³ [EIOPA XBRL Filing Rules version 2.8.0.](#)

- XX: a numeric code for the templates group (e.g. “06” list of assets related templates, “17” non-life technical provisions related templates).
- YY: a numeric code for the specific template. Sequential codes are normally assigned, which are kept stable over time.
- ZZ: a two digit code that identifies the template variant. These two digits are assigned to an entry point (reporting obligation), which can be reused for other entry points (with a higher number) if the template is the same. Annual solo QRTs are considered the “default” and have the code “01”. For other entry points (e.g. third country branches, different frequency) it is assessed whether the template with the code “01” can be reused (if the template is identical), if not, the template is assigned a sequential code “02”. Subsequent entry points may reuse template “01” or “02” if they are identical, otherwise the template is assigned another sequential code, “03”, and so on.

Each annotated template is composed of one or more tables. The tables in the template are identified using two additional digits, “WW”, which are added at the end of the code to number the tables, i.e. S/SE/E.XX.YY.ZZ.WW.

As an example, the annotated template coded SE.06.02.16 refers to a variant of the Solvency II list of assets template (S.06.02.01) with ECB add-ons. The same template is reported on a quarterly and annual basis for solo undertakings. Table SE.06.02.16.01 in template SE.06.02.16 refers to “information on positions held”, while Table SE.06.02.16.02 refers to “information on assets”.

DPM dictionary

“The DPM dictionary is a structured description of the model in form of a dictionary listing and naming all breakdowns and their components identified in the process of analysing the legal acts and its technical representation”. (EIOPA, 2019)

Validations

Validations ensure that data are correctly reported and consist of:

- technical validations (TVs);
- business validations (BVs);
- ECB exclusive validations (EVs).

While TVs ensure that the technical reporting format is correct, BVs and EVs ensure that the cells have been filled in correctly. For instance, a TV checks that the Legal Entity Identifier (LEI) code reported by the IC follows the correct pattern in terms of length and character types. An example of a BV is a validation ensuring that total assets reported in the balance sheet template equal the sum of its components. A

validation ensuring that reclassification adjustments for total assets equal the sum of its components is an EV since reclassification adjustments are ECB add-ons.

BVs and EVs can be further broken down into “blocking validations” and “non-blocking validations”. An IC can only satisfy its reporting obligation if none of the blocking validations are failing.

6.4 Overview of QRTs and URTs needed for derivation of ECB requirements

National competent authorities (NCAs) collect a large set of templates (QRTs) for supervisory purposes. Only a small subset of the QRTs, in addition to the URTs, is required to derive the ECB statistical requirements.

Table 8 provides an overview of the QRTs and URTs that are needed for statistical purposes. The table provides (i) the name of each template, (ii) its institutional coverage (solo, third country branches) and the frequency (annual, quarterly) with which the template is reported, (iii) a short description of the contents of the template, and (iv) a reference indicating which statistical requirements (quarterly requirements for assets and/or liabilities, annual requirements for premiums, claims and acquisition expenses) the template is required for.

Table 8
QRTs and URTs required for the derivation of ECB requirements

Template name	Institutional coverage (S, TB) ¹ and frequency (A, Q) ² (the two digits refer to "ZZ" described in Section 6.3 – reading the annotated templates)				Description of template	Used for quarterly requirements (assets/liabilities) / annual requirements (premiums, claims, acquisition expenses)
	S-A	S-Q	TB-A	TB-Q		
SE.01.01	.16	.17	.18	.19	Content of the submission Identifies the templates to be transmitted and specifies if reported/not reported (including reason for not reporting).	Assets and liabilities
S.01.02	.01	.01	.07	.07	Basic information – general General information, e.g. undertaking name, type of undertaking, reporting reference date, currency used for reporting.	Assets and liabilities
SE.02.01	.16	.17	.18	.19	Balance sheet Detailed instrument breakdown (no further breakdown by maturity, geographical counterparty or sector), including information on reclassification adjustments. Note: no instrument breakdown is available for assets held for unit-linked and index-linked contracts.	Assets and liabilities
SE.06.02	.16	.16	.18	.18	List of assets Detailed item-by-item information on all investments (other than derivatives), made by ICs.	Assets
E.01.01	.16	.16	.16	.16	Deposits to cedants Line-by-line reporting of deposits to cedants.	Assets
S.08.01	.01	.01	.01	.01	Open derivatives Detailed item-by-item information on derivatives, including all derivative contracts that existed during the reporting period and were not closed prior to the reporting reference date. Derivatives are considered assets if their Solvency II value is positive or zero. They are considered liabilities if their Solvency II value is negative.	Assets and liabilities
S.12.01	.01	.02	.01	.02	Life and health similar-to-life-techniques (SLT) technical provisions Overview of technical provisions for life, separately identifying "index-linked/unit-linked" and "accepted reinsurance", among others.	Liabilities
S.12.02	.01		.01		Life and health SLT technical provisions – by country Information on gross technical provisions (TP) as a whole and gross best estimate (BE) (life insurance) by country where the contract was entered into or country of localisation of the ceding undertaking. Note: this template is not reported if the insurance undertaking only has domestic business.	Liabilities
E.02.01	.16		.16		Pension entitlements Information on Pillar II pension entitlements further broken down into defined benefit, defined contribution and hybrid pension entitlements.	Liabilities
S(E).17.01	.01	.17	.01	.17	Non-life technical provisions Overview of technical provisions for non-life with a split by line of business. Covers "direct business and accepted proportional reinsurance" and "accepted non-proportional reinsurance". Additional information on "direct business", "accepted proportional reinsurance business" and "accepted non-proportional reinsurance" available on an annual basis. Quarterly ECB add-ons cover claims for events that occurred during the current financial year and gross claims paid in the current financial year.	Liabilities

Template name	Institutional coverage (S, TB) ¹ and frequency (A, Q) ² (the two digits refer to "ZZ" described in Section 6.3 – reading the annotated templates)				Description of template	Used for quarterly requirements (assets/liabilities) / annual requirements (premiums, claims, acquisition expenses)
	S-A	S-Q	TB-A	TB-Q		
S.17.03	.01		.01		<p>Non-life technical provisions – by country</p> <p>Gross TP as a whole and gross BE for non-life direct insurance and accepted reinsurance with a split by line of business and geographical breakdown.</p> <p>Information on gross BE by counterparty country, according to the following criteria:</p> <ul style="list-style-type: none"> localisation of risk for the following lines of business: "medical expense", "income protection", "workers' compensation", "fire and other damage to property" and "credit and suretyship"; country of underwriting for all other lines of business, i.e. "motor vehicle liability insurance", "other motor insurance", "marine, aviation and transport insurance", "general liability insurance", "legal expenses insurance", "assistance" and "miscellaneous financial loss". <p>Note: this template is not reported if the home country accounts for 100% of the sum of technical provisions for all lines of business (i.e. the insurance undertaking only has domestic business).</p>	Liabilities
S.19.01	.01				<p>Non-life insurance claims</p> <p>Information on the claims paid, BE of claims provisions and reported but not settled claims. Reported by line of business for each underwriting/accident year.</p>	Liabilities
E.04.01	.16	.16	.16	.16	<p>Investment revenues and expenses (attribution to policyholders)</p> <p>Information to be reported by (re)insurance undertakings regarding investment revenues and expenses, distinguishing between those that are attributed to policyholders and those that are not. Information on geographical breakdown for the former.</p>	Liabilities
S.31.01	.01		.01		<p>Share of reinsurers</p> <p>Line-by-line information on reinsurance recoverables per reinsurer.</p> <p>Line-by-line information on cash deposits (included under "deposits from reinsurers" in the balance sheet template) per reinsurer.</p> <p>Information on reinsurers, including country of residence.</p>	Assets and liabilities
S.23.01	.01	.02	.07	.08	<p>Own funds</p> <p>Breakdown of items included under own funds.</p>	Liabilities (equity)
S.04.03	.01				<p>Basic information – list of underwriting entities</p> <p>Country of establishment for each head office and branch, reported by LEI or similar.</p>	Liabilities Annual requirements
S.04.04	.01				<p>Activity by country – by location of underwriting</p> <p>Information on premiums written, claims incurred and acquisition expenses³ broken down by business underwritten in the home country, in the EEA and non-EEA (by parent, branches and freedom to provide services).</p> <p>Note: this template is not reported if all activity is in the home country.</p>	Liabilities Annual requirements
S.05.01	.01	.02	.01	.02	<p>Premiums, claims and expenses by line of business</p> <p>Information on total premiums written, claims incurred and acquisition expenses.</p>	Liabilities (transactions for life ITRs), Annual requirements

Template name	Institutional coverage (S, TB) ¹ and frequency (A, Q) ² (the two digits refer to “ZZ” described in Section 6.3 – reading the annotated templates)				Description of template	Used for quarterly requirements (assets/liabilities) / annual requirements (premiums, claims, acquisition expenses)
	S-A	S-Q	TB-A	TB-Q		
S.06.03	.01	.01	.01	.01	<p>Collective investment undertakings – look-through approach</p> <p>For investment fund shares held by ICs, item-by-item information on asset categories held by these investment funds.</p> <p>Note: quarterly information shall only be reported when the ratio of collective investment undertakings held by the undertaking to total investments is higher than 30%.</p>	Assets (holdings of IF shares/units without ISIN by type of fund)

1) S (solo): resident parent undertakings/subsidiaries including branches abroad; TB (third country branches): branches established within the EEA and belonging to insurance or reinsurance undertakings with head offices situated outside the EEA.
2) A: annual (as of ref. 2016), template 29.03.01 only available as of ref. 2017; Q: quarterly (as of ref. the first quarter of 2016).

6.5 Derivation of quarterly ECB requirements – assets

6.5.1 Assets – overview

Relevant QRTs and URTs

The majority of quarterly data required for assets held by ICs can be derived from the QRTs and URTs that collect information on a line-by-line basis (i.e. templates SE.06.02, E.01.01, S.08.01 and S.31.01). This affects the balance sheet items “currency and deposits”, “debt securities”, “loans”, “equity” (with the exception of “own shares held directly”), “investment fund shares”, “financial derivatives” and “non-financial assets” (with the exception of “intangible assets”). Total amounts for asset items “ITRs and related claims”, “non-financial assets, of which intangible assets” and “other assets” can be derived from the balance sheet template SE.02.01.

Template SE.06.02 (“List of assets”) contains detailed item-by-item information on investments (other than derivatives) made by ICs. The instruments reported on a line-by-line basis include “deposits”, “debt securities”, “loans”, “equity” (with the exception of “own shares (held directly)”), “investment fund shares” and “non-financial assets” (with the exception of “intangible assets”). The following exceptions to the line-by-line reporting should be noted for ECB purposes :

- cash is reported in one line for each currency;
- mortgages and loans to individuals, including loans on policies vis-à-vis individuals, are reported in two lines, one line for loans to administrative, management and supervisory bodies and another for loans to other natural persons;

- deposits to cedants are reported in one single line.

The ECB add-on template E.01.01 (“Deposits to cedants”) contains line-by-line information on deposits to cedants, which are reported as a single line in template SE.06.02.

Template S.08.01 (“Open derivatives”) contains detailed line-by-line information on derivatives and allows (i) the derivation of the total for financial derivatives (assets) since in the balance sheet template derivatives held in unit-linked and index-linked contracts are not separately identified and, potentially, (ii) the derivation of transactions in derivatives (assets and liabilities).

Template S.31.01 (“Share of reinsurers”) provides more detailed information on ITRs and related claims, including where the reinsurer is resident. This allows ITRs and related claims broken down by geographical location of counterparties to be derived on the asset side.

Information collected in **template SE.02.01 (“Balance sheet”)** contains information on instrument totals (assets) which are not included in the list of assets (i.e. non-life ITRs, intangible assets, and other assets). Furthermore, the coverage of this template may be higher than the coverage of the line-by-line templates and information from this template may therefore be used for estimation/grossing-up purposes (see Chapter 8.1).

Template S.23.01 (“Own funds”) serves to derive equity on the liability side. Differences between total assets and total liabilities (including equity) may be allocated to remaining assets or remaining liabilities.

Template S.06.03 (“Collective investment undertakings – look-through approach”) may potentially be used to estimate holdings of investment fund shares by type.

Table 9 summarises the relevant QRTs and URTs for deriving ECB requirements on assets.

Table 9

ECB requirements for assets (including breakdowns) and relevant QRTs and URTs

	Asset item (including breakdowns)	SE.02.01	SE.06.02	E.01.01	S.06.03	S.08.01	S.31.01	S.23.01
1	Currency and deposits (fair value)	√	√					
1	Currency and deposits (nominal value)		√					
2	Debt securities	√	√					
3	Loans (fair value)	√	√	√				
3	Loans (nominal value)		√	√				
4	Equity	√	√					
5	Investment fund shares/units	√	√		√			
6	Financial derivatives	√				√		
7	ITRs and related claims	√					√	
8	Non-financial assets	√	√					
9	Remaining assets	√	√					√

Complementary Identification Codes (CICs)

In the line-by-line templates (SE.06.02 and S.08.01), for each asset they hold, ICs are asked to indicate a Complementary Identification Code (CIC), as defined in Annex V of the ITS. This code consists of four positions and is structured as follows.

Positions 1 and 2:

- ISO 2 digit country code indicating where an asset is listed (e.g. PT), for listed assets;
- XV for assets listed in more than one country;
- XL for non-listed assets;
- XT for non-exchange-tradable assets.

Position 3 indicates the category of asset (e.g. “1” for “government bonds”).

Position 4 indicates the sub-category or main risk (e.g. “1” for “central government bonds”).

Links³⁴ between the instrument categories required by the non-bank Guideline and the corresponding CICs is provided in Table 10 below.

³⁴ These links should be seen as proxies since a precise mapping between supervisory and statistical instrument categories is not always possible, e.g. some instruments may be classified as debt securities or equity for supervisory purposes, but as loans/deposits for statistical purposes.

Table 10

Links (proxies) between ESA 2010 instrument categories and CICs (defined in Annex V of the ITS)

Instrument category (ECB requirement)	Corresponding CIC Reported in templates SE.06.02 and S.08.01
1. Currency and deposits	CIC 71: Cash CIC 72: Transferable deposits (cash equivalents) CIC 73: Other deposits, short-term (<1y remaining maturity) CIC 74: Other deposits, long-term (>1y remaining maturity) CIC 79: Other CIC 8#: Mortgages and loans (M&L) in the following cases; (i) M&L with agreed maturity up to 1 year and where the issuer sector is a domestic MFI; (ii) M&L (all maturities) where the issuer sector is a non-domestic MFI/bank
1x. of which transferable deposits	CIC 72: Transferable deposits (cash equivalents)
2. Debt securities	CIC 1#: Government bonds CIC 2#: Corporate bonds CIC 5#: Structured notes CIC 6#: Collateralised securities
3. Loans	CIC 75: Deposits to cedants CIC 8#: Mortgages and loans (with the exception of those which should be recorded as deposits under 1. above)
3x. of which deposit guarantees in connection with reinsurance business	CIC 75: Deposits to cedants
4. Equity	CIC 31: Common equity CIC 32: Equity of real estate related corporations CIC 33: Equity rights CIC 34: Preferred equity CIC 39: Other
4a : of which listed shares	CIC 3#, excluding XL3# (assets that are not listed on a stock exchange) and XT3# (assets that are not exchange tradable)
4b : of which unlisted shares	XL31, XL32, XL33, XL34, XL39 and XT31, XT32, XT33, XT34, XT39 (with an ISIN)
4c : of which other equity	XT31, XT32, XT33, XT34, XT39 (with no ISIN) Note: if they have an ISIN code, they should be recorded as unlisted shares.
5. Investment fund shares/units	CIC 4#: Investment funds
5a : of which MMF shares/units	CIC 43: Money market funds Note: MMFs are defined in accordance with ESMA Guidelines (ECB consistent)
5b : of which non-MMF shares/units	CIC 4# excluding CIC 43
5b non-MMF shares/units of which equity funds, bond funds, mixed funds, real estate funds, hedge funds, other funds	Categories according to ECB requirements are not available The following categories are reported for supervisory purposes: CIC 41: Equity funds CIC 42: Debt funds CIC 44: Asset allocation funds CIC 45: Real estate funds CIC 46: Alternative funds CIC 47: Private equity funds CIC 48: Infrastructure funds CIC 49: Other
6. Financial derivatives	CIC A#: Futures CIC B#: Call options CIC C#: Put options CIC D#: Swaps CIC E#: Forwards CIC F#: Credit derivatives
7. ITRs and related claims	Not available
8. Non-financial assets	CIC 9#: Property Property, plant & equipment held for own use: CIC 93+95+96 Property other than for own use: CIC 91+92+94+99 Note: Intangible assets are not covered
9. Remaining assets	Not available

The following sections describe (i) the ECB requirements and relevant QRTs and URTs, (ii) the derivation of outstanding amounts, and (iii) the derivation of transactions for each instrument.

6.5.2 Assets – currency and deposits

6.5.2.1 Assets – currency and deposits – ECB reporting requirements for NCBs and relevant Solvency II templates

Currency and deposits (ESA 2010: F.21+F.22+F.29) are reported at fair value, further broken down by remaining maturity and identifying transferable deposits. Total currency and deposits are also requested at nominal value. Different levels of geographical breakdowns of the counterparty are required. The reporting requirements for currency and deposits are summarised in Table 11.

Table 11
ECB reporting requirements for currency and deposits (assets)

	Geographical breakdown of counterparty ¹	
	Level 1	Level 3
Currency and deposits – fair value (total)		X
Breakdown by remaining maturity (up to 1 year, over 1 year)	X	
Currency and deposits – fair value – o/w transferable deposits (total)	X	
Currency and deposits – nominal value (total)		X

1) Levels of geographical breakdowns are described in Section 2.1.4

These requirements can be derived from the list of assets template (SE.06.02). Totals (with no further breakdown by maturity or geographical location of counterparty) can be at least partially derived from the balance sheet template (SE.02.01), especially when the list of assets template is not reported due to its lower coverage (see Section 8.1).

6.5.2.2 Assets – currency and deposits – derivation of outstanding amounts

The list of assets template (SE.06.02) allows all ECB reporting requirements for currency and deposits to be derived.

The CIC codes corresponding to the ESA 2010 category “currency and deposits” (F.21+F.22+F.29) are:

CIC 71: Cash;

CIC 72: Transferable deposits (cash equivalents);

CIC 73: Other deposits, short-term (<1y remaining maturity),

CIC 74: Other deposits, long-term (>1y remaining maturity);

CIC 79: Other;

CIC 8#: Mortgages and loans (M&L) in the following cases: (i) M&L with agreed maturity up to 1 year and where the counterparty sector is a domestic MFI, and (ii) M&L (all maturities) where the counterparty sector is a non-domestic MFI/bank.

The allocation of certain mortgages and loans vis-à-vis MFIs/banks to deposits is based on guidance provided in the ESA 2010, the Balance of Payments Manual (BPM6³⁵) and ECB/Eurostat methodological advice to achieve consistency between national accounts and balance-of-payments statistics.

In principle, deposits should be distinguished from loans based on the documents that evidence them.³⁶ However, given that the distinction between deposits and loans may be difficult in practice, further guidance on the allocation is provided in the ESA 2010 and BPM6. BPM6 states that deposit/loan liabilities of deposit-taking corporations with other counterparties are to be recorded as deposits, irrespective of maturity,³⁷ while the ESA 2010 restricts this to short-term funds.³⁸

For the purpose of achieving consistency between national accounts and balance-of-payments statistics, the ECB and Eurostat issued further methodological advice in 2020, which recommends following the convention included in BPM6 for cross-border positions/transactions in deposit/loans of deposit-taking corporations with non-government counterparties.

It follows that all loans (assets) of ICs vis-à-vis non-domestic MFIs/banks should be recorded as deposits, while loans (assets) of ICs vis-à-vis domestic MFIs should be recorded as deposits if the loans are short-term (i.e. original maturity up to 1 year) and as loans if they are long-term (i.e. original maturity over 1 year).

Furthermore, some instruments that are classified as debt securities or equity according to their CIC code (CIC 1, 2, 3, 5 or 6) should be classified as loans for statistical purposes. These instruments are identified via the ECB add-on “instrument classification according to ESA 2010” (EC0291). They should also be reported under currency and deposits where the counterparty sector is a non-domestic MFI/bank or a domestic MFI and the original maturity of the instrument is less or equal to one year.

³⁵ *Balance of Payments and International Investment Position Manual, Sixth Edition*, International Monetary Fund, 2009.

³⁶ In accordance with the ESA 2010, 5.117 “the distinction between transactions in loans (F.4) and transactions in deposits (F.22) is that a debtor offers a standardized non-negotiable contract in the case of a loan, but not in the case of a deposit”.

³⁷ In accordance with BPM6 (5.40), “when one party is a deposit-taking corporation and the other is not, a possible convention is that an asset position of a deposit-taking corporation is classified as a loan by both parties. Similarly, a liability of a deposit-taking corporation to another type of entity is classified as a deposit by both”.

³⁸ In accordance with the ESA 2010 (5.118), “short-term loans granted to deposit taking corporations are classified as transferable deposits or as other deposits”.

The balance sheet template (SE.02.01) allows the partial derivation of information on total currency and deposits at fair value and total transferable deposits at fair value.

Total currency and deposits (and of which transferable deposits) at fair value

From the list of assets template (SE.06.02), total currency and deposits at fair value can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC (SE.06.02.C0290) is 71, 72, 73, 74 or 79.

Total transferable deposits can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC (SE.06.02.C0290) is 72.

Total currency and deposits should also include all lines where:

- the CIC is 8 and the ESA issuer sector (SE.06.02.EC0231) is a non-domestic MFI/bank;
- the CIC is 8, the ESA issuer sector (SE.06.02.EC0231) is a domestic MFI and the original maturity derived from the issue date (SE.06.02.EC0381) and maturity date (SE.06.02.C0390) is less or equal to one year;
- the CIC is 8, the ESA issuer sector (SE.06.02.EC0231) is a domestic MFI, the original maturity derived from the issue date (SE.06.02.EC0381) and maturity date (SE.06.02.C0390) is more than one year and the cancellation option (SE.06.02.EC0391) is reported as “yes”.

This also applies to all instruments identified as loans in the instrument classification according to ESA 2010 (SE.06.02.EC0291).

From the balance sheet template (SE.02.01), total currency and deposits at fair value can be derived as the sum of:

1. cash and cash equivalents/neither unit-linked nor index-linked (SE.02.01.R0410);
2. deposits other than cash equivalents/neither unit-linked nor index-linked (SE.02.01.R0200);
3. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to currency and deposits.

Transferable deposits at fair value can be derived by adding 1 and the relevant proportion of 3.

Cash and cash equivalents include cash that should not be included in transferable deposits. However, given that the amount of cash will probably be small, it can be assumed that cash is nil when deriving transferable deposits for ECB purposes. Alternatively, the relative importance of cash can be estimated from the list of assets template.

In regard to point 3, the proportion of assets held for index-linked and unit-linked contracts that relates to currency and deposits can be derived from information collected in the list of assets template, where assets held for index-linked and unit-linked contracts are identified from the cell “Asset held in unit-linked and index-linked contracts” (SE.06.02.C0090).

Total currency and deposits at nominal value

In line with the ESA 2010 (paragraph 7.39), interest accrued on deposits should be allocated to the nominal amount as it accrues.

It follows that total currency and deposits at nominal value can be derived by adding all par amounts (SE.06.02.C0140) and accrued interest (SE.06.02.C0180) of all lines where the CIC (SE.06.02.C0290) is 71, 72, 73, 74 or 79. In the case of cash (CIC 71) only the Solvency II amount is reported. The Solvency II amount can be taken as a proxy for the nominal amount.

The following should also be included:

- lines where the CIC is 8 and the ESA issuer sector (SE.06.02.EC0231) is a non-domestic MFI;
- lines where the CIC is 8, the ESA issuer sector (SE.06.02.EC0231) is a domestic MFI and the original maturity derived from the issue date (SE.06.02.EC0381) and maturity date (SE.06.02.C0390) is less than or equal to one year, or the loan has a cancellation option (SE.06.02.EC0391).

This also applies to all instruments identified as loans in the instrument classification according to ESA 2010 (SE.06.02.EC0291).

Remaining maturity breakdowns

Currency and deposits with up to 1 year remaining maturity can be derived from the list of assets template (SE.06.02) as the sum of:

1. all lines where the CIC is 71, 72 or 73;
2. lines where the CIC is 79 and the remaining maturity is up to 1 year, as derived from the maturity date (SE.06.02.C0390);
3. all lines where the CIC is 8, the ESA issuer sector (SE.06.02.EC0231) is a domestic MFI and the original maturity is less than or equal to one year, or the instrument has a cancellation option (SE.06.02.EC0391) – this also applies to all instruments identified as loans in the instrument classification according to ESA 2010;

4. all lines where the CIC is 8, the ESA issuer sector (SE.06.02.EC0231) is a non-domestic MFI/bank and the remaining maturity is up to 1 year, or the instrument has a cancellation option (SE.06.02.EC0391) – this also applies to all instruments identified as loans in the instrument classification according to ESA 2010.

Currency and deposits with over 1 year remaining maturity can be derived from the list of assets template (SE.06.02) as the sum of:

1. all lines where the CIC is 74;
2. all lines where the CIC is 79 and the remaining maturity is over 1 year;
3. all lines where the CIC is 8, the ESA issuer sector (SE.06.02.EC0231) is a non-domestic MFI/bank and the remaining maturity is over 1 year – this also applies to all instruments identified as loans in the instrument classification according to ESA 2010.

Geographical breakdown of counterparty

The breakdowns by geographical location of the counterparty can be derived from the list of assets template (SE.06.02) by grouping the relevant lines by issuer country (SE.06.02.C0270).

In the case of cash (CIC 71), which is reported in one line per currency in SE.06.02, the geographical breakdown can be approximated by allocating cash in euro to the domestic counterparty and the other currencies to the respective country issuing the currency.

6.5.2.3 Assets – currency and deposits – derivation of transactions

Currency and deposits held by insurance undertakings cover both national (euro) and foreign currency denominated assets. In line with the ESA 2010, the accrual of interest should be treated as a transaction. It follows that transactions in currency and deposits (whether at fair or nominal value) can be derived as shown in Formula 9.

$$TR_t = (N_t - N_{t-1}) + (A_t - A_{t-1}) - E_t - Rec_t \quad (\text{Formula 9})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

N_t = nominal amount [SE.06.02.C0140 – par amount] at time t

A_t = accrued interest [SE.06.02.C0180 – accrued interest] at time t

E_t = exchange rate adjustment at time t

Rec_t = reclassification adjustment at time t

For holdings of euro-denominated currency and deposits placed, whose currency of denomination is the euro, the exchange rate adjustment (E) equals nil. For holdings of non-euro denominated currency and deposits placed, whose currency of denomination is not the euro, an exchange rate adjustment needs to be derived.

The derivation of the exchange rate adjustment for instruments denominated in currencies other than the euro (but reported in euro) can be carried out in three steps.

Step 1: outstanding amounts are converted back into the original currency of denomination, i.e. outstanding amounts at the end of the previous and current reporting periods are converted using the prevailing exchange rate (nominal euro/foreign currency exchange rate). The list of assets template specifies the currency of denomination in the “currency” column (SE.06.02.C0280).

Step 2: the change in outstanding amounts between t-1 and t, denominated in foreign currency, is converted back into euro using the average value of the daily exchange rate during the reporting period.

Step 3: the exchange rate adjustment is computed as the difference between the change in outstanding amounts in euro and the change in outstanding amounts converted into euro (as calculated in step 2).

The following formula can therefore be applied to derive exchange rate adjustments.

$$E_t = (S_t^{EUR} - S_{t-1}^{EUR}) - [Avg(e_t) * (S_t^{FC} - S_{t-1}^{FC})] \quad \text{(Formula 10)}$$

where

E_t = exchange rate adjustment at time t

S_t^{FC} = outstanding amount converted to the original currency of instrument denomination FC, at time t

S_t^{EUR} = outstanding amount expressed in EUR, having FC as original currency of denomination, at time t

e_t = nominal euro/FC exchange rate at time t

$Avg(e_t)$ = average of daily nominal exchange rates during the period from $t - 1$ to t
(Note: the use of the average rate for this conversion assumes that the transactions were evenly spread over the period)

6.5.3 Assets – debt securities

6.5.3.1 Assets – debt securities – ECB reporting requirements for NCBs and relevant Solvency II templates

Debt securities (ESA 2010: F.3) are reported at market (or fair) value, broken down by original maturity, remaining maturity, geographical location and the ESA sector of the counterparty. Different levels of geographical breakdowns of the counterparty are required for different breakdowns of maturity and sector. The reporting requirements for debt securities are summarised in Table 12.

Table 12
ECB reporting requirements for debt securities (assets)

	Geographical breakdown of counterparty ¹			
	Level 1	Level 1.1	Level 2	Level 3
Debt securities (total)				X
Debt securities broken down by ESA counterparty sector ²			X	
Debt securities broken down by original maturity (<1, 1-2, >2 years)	X			
Debt securities broken down by remaining maturity (<1, 1-2, 2-5, >5 years)	X			
Debt securities broken down by original maturity (<1, 1-2, >2 years) and ESA counterparty sector		X		
Debt securities broken down by remaining maturity (<1, 1-2, 2-5, >5 years) and ESA counterparty sector		X		

¹ Levels of geographical breakdowns are described in Section 2.1.4.

² The ESA counterparty sectors are described in Section 2.1.5. The ESM and EFSF are separately identified.

These requirements can be derived from the list of assets template (SE.06.02). Totals (without further breakdown by maturity, geographical location and sector of counterparty) can be at least partially derived from the balance sheet template (SE.02.01), especially where the list of assets template is not reported due to its lower coverage (see Section 8.1).

6.5.3.2 Assets – debt securities – derivation of outstanding amounts

The list of assets template (SE.06.02) allows all ECB reporting requirements for debt securities to be derived.

The CIC codes corresponding to the ESA 2010 category “debt securities” (F.3) are as follows.

CIC 1#: Government bonds

CIC 2#: Corporate bonds

CIC 5#: Structured notes

CIC 6#: Collateralised securities

Some instruments classified as CIC 1#, 2#, 5# or 6# may, however, be classified differently for statistical purposes. These instruments are identified in the ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291).

The balance sheet template (SE.02.01) allows for the partial derivation of information on total debt securities.

Total debt securities

From the list of assets template (SE.06.02), total debt securities can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC (SE.06.02.C0290) is 1#, 2#, 5# or 6#.

However, it should exclude all lines where the instrument should not be classified as a debt security in accordance with information reported under ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291).

From the balance sheet template (SE.02.01), total debt securities can be derived as the sum of:

1. bonds/neither unit-linked nor index-linked (SE.02.01.R0130);
2. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to debt securities.

In regard to point 2, the proportion of assets held for index-linked and unit-linked contracts that relates to debt securities can be derived from information collected in the list of assets template, where assets held for index-linked and unit-linked contracts are identified in the cell “Asset held in unit linked and index linked contracts” (SE.06.02.C0090).

Breakdowns by original maturity

The original maturity of a debt security can be derived from the issue date (SE.06.02.EC0381) and the maturity date (SE.06.02.C0390). If the cancellation option (SE.06.02.EC0391) is reported as “yes”, the financial instrument should be classified as “up to one year”, in accordance with ESA 2010, 5.A1.14, which states that financial assets and liabilities which are repayable on demand are to be recorded as short-term. Information on the issue date and the cancellation option only has to be reported for relevant instruments (CIC categories 1, 2, 5 and 6) with no ISIN code.

For debt securities with an ISIN code, the original maturity breakdowns can be derived from the information available in the CSDB (see Chapter 5).

For debt securities with no ISIN, the original maturity breakdowns can be derived from the list of assets template.

Breakdowns by remaining maturity

The remaining maturity of a debt security can be derived from the maturity date (SE.06.02.C0390).

Even though the maturity date is reported for all debt securities (irrespective of whether there is an ISIN code), it is advisable, for purposes of consistency, to derive the remaining maturity breakdowns from the information available in the CSDB for instruments with an ISIN code.

For debt securities with no ISIN code, the breakdowns by remaining maturity can be derived by grouping the relevant lines by maturity date.

If the cancellation option (SE.06.02.EC0391) is reported as “yes”, the financial instrument should be classified as “up to one year”, in accordance with ESA 2010, 5.A1.14, which states that financial assets and liabilities which are repayable on demand are to be recorded as short-term.

Breakdowns by ESA sector of the counterparty

Information on the issuer sector according to the ESA (SE.06.02.EC0231) only has to be reported for relevant instruments with no ISIN code.

For debt securities with an ISIN code, the breakdowns by ESA counterparty sector can be derived from information available in the CSDB (see Chapter 5).

For debt securities with no ISIN code, the breakdowns by ESA counterparty sector can be derived by grouping the relevant lines by issuer sector according to the ESA.

Breakdowns by geographical location of counterparty

The breakdown by geographical location of debt security issuer can be derived from the issuer country (SE.06.02.EC0270).

Even though the issuer country is reported for all debt securities (irrespective of whether there is an ISIN code), it is advisable, for consistency purposes, to derive the geographical breakdowns from the information available in the CSDB for instruments with an ISIN code.

For debt securities with no ISIN, the breakdowns by geographical location of counterparty can be derived by grouping the relevant lines by issuer country.

6.5.3.3 Assets – debt securities – derivation of transactions

For debt securities denominated in euro (i.e. SE.06.02.C0280, EUR) the following applies:

$$TR_t = (N_t - N_{t-1}) * \frac{DP_{t-1} + DP_t}{2} + IN_t \quad (\text{Formula 11})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

N_t = aggregated nominal amount in EUR at time t (SE.06.02.C0140)

DP_t = unit percentage of par amount Solvency II price at time t (SE.06.02.C0380) + unit percentage of accrued interest at time t (accrued interest (SE.06.02.C0180)/par amount (SE.06.02.C0140))

IN_t = interest income from time $t - 1$ to time t

Interest income can be derived as follows:

$$IN_t = A_t - A_{t-1}$$

where

A_t = accrued interest at time t (SE.06.02.C0180) or for debt securities issued at discount by applying Formula 6 as described in Section 5.3.2.1.

$$\frac{\text{par amount} - \text{value at issue}}{\text{original maturity}} (\text{original maturity} - \text{residual maturity})$$

where

par amount = par amount at time t (SE.06.02.C0140) and

value at issue = issue price in units (issue price SE.06.02.EC0382 * par amount SE.06.02.C0140)

For debt securities denominated in currencies other than the euro, transactions are calculated as follows:

Step 1: convert N_t and N_{t-1} into the currency in which the instrument is denominated (N_t^F and N_{t-1}^F)

Step 2: derive the difference ($N_t^F - N_{t-1}^F$)

Step 3: convert ($N_t^F - N_{t-1}^F$) into EUR using the average exchange rate = ΔN_t^F in EUR

Step 4: derive transactions as above, i.e. $TR_t = (\Delta N_t^F \text{ in EUR}) * (DP_{t-1} + DP_t)/2 + IN_t$

Debt securities issued at a discount/premium to their face value

Debt securities issued at a discount (e.g. zero coupon bond) or premium are addressed in Section 5.3. In this case, the interest accrues over the life of the bond and is automatically reflected in the price of the instrument (C0380 in template SE.06.02). In these cases, accrued interest in SE.06.02 (C0180) is reported as nil.

6.5.4 Assets – equity

6.5.4.1 Assets – equity – ECB reporting requirements for NCBs and relevant Solvency II templates

Equity (ESA 2010: F.51) is reported at market (or fair) value, separately identifying listed shares, unlisted shares and other equity. These are further broken down by geographical location and ESA sector of the counterparty. Different levels of geographical breakdown of the counterparty are required for different details of equity. The reporting requirements for equity are summarised in Table 13.

Table 13
ECB reporting requirements for equity (assets)

	Geographical breakdown of counterparty ¹	
	Level 2	Level 3
Equity, further broken down into listed shares, unlisted shares, other equity		X
Equity, broken down into listed shares, unlisted shares, other equity and broken down by ESA sector ²	X	

1) Levels of geographical breakdowns are described in Section 2.1.4.

2) The ESA counterparty sectors are described in Section 2.1.5.

These requirements can be derived from the list of assets template (SE.06.02). Totals (with no further breakdown by type of equity, geographical location and ESA sector of the counterparty) can be at least partially derived from the balance sheet template (SE.02.01), especially where the list of assets template is not reported due to lower coverage (see Section 8.1).

6.5.4.2 Assets – equity – derivation of outstanding amounts

The list of assets template (SE.06.02) allows all ECB reporting requirements for equity to be derived.

The CIC codes corresponding to the ESA 2010 category “Equity” (F.51) are listed below.

CIC 31: Common equity

CIC 32: Equity of real estate related corporations

CIC 33: Equity rights

CIC 34: Preferred equity

CIC 39: Other

It is not clear whether CIC 39 (“Equity/other”) coincides with the ESA instrument F.519 (“Equity, other equity”). The proposed approach therefore consists of recording all instruments that are recognised as CIC 3# (equity) and not exchange tradable (XT) as ESA F.519, unless the securities have an ISIN code (if at all relevant), in which case they should be recorded as unlisted shares (F.512) in line with the Handbook on Securities Statistics.³⁹

4a : of which listed shares	CIC 3#, excluding XL3# (assets that are not listed on a stock exchange) and XT3# (assets that are not exchange tradable)
4b : of which unlisted shares	XL31, XL32, XL33, XL34, XL39 and XT31, XT32, XT33, XT34, XT39 (with ISIN)
4c : of which other equity	XT31, XT32, XT33, XT34, XT39 (with no ISIN) Note: if they have an ISIN code, they should be recorded as unlisted shares.

However, some instruments classified as CIC 3# may be classified differently for statistical purposes. These instruments are identified via the ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291).

The balance sheet template SE.02.01 allows the partial derivation of information on total equity and sub-item listed shares.

Total equity

From the list of assets template (SE.06.02), total equity can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC (SE.06.02.C0290) is 3#.

It should, however, exclude/include all lines where the instrument should not/should be classified as equity in line with information reported under the ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291).

From the balance sheet template (SE.02.01), total equity can be derived as the sum of:

1. holdings in related undertakings, including participations/neither unit-linked nor index-linked (SE.02.01.R0090);

³⁹ The Handbook on Securities Statistics, 2015, paragraph 3.60 on Other equity, footnote 7 states that “with security-by-security (SBS) databases, it may be that financial instruments are reported using the International Securities Identification Number (ISIN) code for other equity (F519). These should be classified as unlisted shares (F512).”

2. equities/neither unit-linked nor index-linked, not a participation (SE.02.01.R0100);
3. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to equity that can be estimated from information collected in the list of assets (SE.06.02).

In regard to point 1, participations can be either equity or investment fund shares when the insurance corporation holds a participation in an investment fund. A simplifying assumption allocates all participations to equity, since they are more likely to be equity than investment fund shares and assumes that they are not listed. Alternatively, information available in the list of assets template regarding whether or not a share is a participation (SE.06.02.C0310) can be used to derive estimated proportions.

In regard to point 3, the proportion of assets held for index-linked and unit-linked contracts that relates to equity can be derived from information collected in the list of assets template, where assets held for index-linked and unit-linked contracts are identified in the cell "Asset held in unit linked and index linked contracts" (SE.06.02.C0090).

Equity broken down into listed shares, unlisted shares and other equity

Listed shares

From the list of assets template (SE.06.02), listed shares can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC is 3#, excluding assets that are not listed on a stock exchange (XL3#) and assets that are not exchange tradable (XT3#).

However, it should exclude/include all lines where the instrument should not/should be classified as equity in line with information reported under the ECB add-on "Instrument classification according to ESA 2010" (SE.06.02.EC0291).

From the balance sheet template (SE.02.01), listed shares can be derived as the sum of:

1. equities – listed/neither unit-linked nor index-linked, not a participation (SE.02.01.R0110);
2. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to listed shares.

In regard to point 2, the proportion of assets held for index-linked and unit-linked contracts that relates to listed shares can be derived from information collected in the list of assets template, where assets held for index-linked and unit-linked contracts

are identified in the cell “Asset held in unit-linked and index-linked contracts” (SE.06.02.C0090).

Unlisted shares

From the list of assets template (SE.06.02), unlisted shares can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC is XL31, XL32, XL33, XL34, and XL39 and all lines for instruments which have an ISIN code and where the CIC is XT31, XT32, XT33, XT34 and XT39.

An instrument has an ISIN code when the asset ID code (SE.06.02.C0040 in the annotated template) includes a code that starts with “ISIN/” or “/CAU/ISIN”.

However, it should exclude/include all lines where the instrument should not/should be classified as equity in line with information reported under the ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291).

Other equity

From the list of assets template (SE.06.02), other equity can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC is XT31, XT32, XT33, XT34, XT39 and the instrument does not have an ISIN code.

An instrument does not have an ISIN code when the asset ID code (SE.06.02.C0040 in the annotated template) does not include a code that starts with “ISIN/” or “/CAU/ISIN”.

However, it should exclude/include all lines where the instrument should not/should be classified as equity in line with information reported under the ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291).

Breakdowns by ESA sector

Information on the issuer sector according to ESA (SE.06.02.EC0231) only has to be reported for relevant instruments with no ISIN code.

For equity securities with an ISIN code, the breakdowns by ESA counterparty sector can be derived from information available in the CSDB (see Chapter 5).

For equity securities with no ISIN code, the breakdowns by ESA counterparty sector can be derived by grouping the relevant lines by issuer sector.

Breakdowns by geographical location of the counterparty

The breakdown by geographical location of the equity issuer can be derived from the issuer country (SE.06.02.C0270).

Even though the issuer country is reported for all equity securities (irrespective of whether there is an ISIN code), it is advisable, for consistency purposes, to derive the geographical breakdowns from the information available in the CSDB for instruments with an ISIN.

For equity securities with no ISIN code, the breakdowns by geographical location of the counterparty can be derived by grouping the relevant lines by issuer country (SE.06.02.EC0270).

6.5.4.3 Assets – equity – derivation of transactions

Transactions in equity which occur between t-1 and t can be approximated using the following basic formula:

$$TR_t = (Q_t - Q_{t-1}) * (P_{t-1} + P_t) / 2 \quad \text{(Formula 12)}$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

Q_t = number of assets, quantity (SE.06.02.C0130) at time t

P_t = unit Solvency II price (SE.06.02.C0370) at time t

Treatment of bonus shares and stock splits

Chapter 5 provides information on the treatment of bonus shares and stock splits and includes an amended formula for the derivation of transactions. However, while for equity securities with an ISIN code, information available in the CSDB can be used to derive corrected transactions, the necessary information is not available for equity securities that are not included in the CSDB. However, it is assumed that these events are of minor importance and that the consideration of stock splits for shares that are included in the CSDB offers a good proxy. If the CSDB does not include the necessary information on stock splits, the split factor in Formula 8 could be estimated by assuming a reasonable transaction in the period or by checking other sources.

6.5.5 Assets – investment fund (IF) shares/units

6.5.5.1 Assets – IF shares/units – ECB reporting requirements for NCBs and relevant Solvency II templates

Investment fund shares/units (ESA 2010: F.52) are reported broken down into money market fund (MMF) shares/units and non-MMF shares/units (further broken down into shares/units of equity funds, bond funds, mixed funds, real estate funds, hedge funds and other funds). Different levels of geographical breakdown of the counterparty are required for different details of investment fund shares/units. The reporting requirements for investment fund shares/units are summarised in Table 14.

Table 14
ECB reporting requirements for investment fund shares/units (assets)

	No geographical breakdown	Geographical breakdown of counterparty ¹	
		Level 1	Level 3
Investment fund shares (total)			X
Investment fund shares broken down into MMFs and non-MMFs		X	
Non-MMF shares broken down by type (equity funds, bond funds, mixed funds, real estate funds, hedge funds, other funds) – non-bank Guideline requirement	X		

1) Levels of geographical breakdown are described in Section 2.1.4.

These requirements can be derived from the list of assets template (SE.06.02). Totals (with no further breakdown by type and geographical location of counterparty) can be at least partially derived from the balance sheet template (SE.02.01), especially where the list of assets template is not reported due to its lower coverage (see Section 8.1).

6.5.5.2 Assets – IF shares/units – derivation of outstanding amounts

The list of assets template (SE.06.02) allows all ECB reporting requirements for investment funds shares/units to be derived.

CIC 4# codes correspond to the ESA 2010 category “Investment fund shares/units” (F.52).

The balance sheet template (SE.02.01) allows for the partial derivation of information on total holdings of investment fund shares/units.

Total investment fund shares/units

From the list of assets template (SE.06.02), total investment fund shares can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC (SE.06.02.C0290) is 4#.

From the balance sheet template (SE.02.01), total investment funds shares can be derived as the sum of:

1. collective investment undertakings/neither unit-linked nor index-linked, not a participation (SE.02.01.R0180);
2. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to investment fund shares.

In regard to point 2, the proportion of assets held for index-linked and unit-linked contracts that relates to investment fund shares/units can be derived from information collected in the list of assets template, where assets held for index-linked and unit-linked contracts are identified in the cell "Asset held in unit linked and index linked contracts" (SE.06.02.C0090).

As discussed in the section on equity, participations can be either equity or investment fund shares/units when the insurance corporation holds a participation in an investment fund. A simplifying assumption is proposed, which consists of allocating all participations to equity, since they are more likely to be equity than investment fund shares. Alternatively, holdings in related undertakings, including participations/neither unit-linked nor index-linked (SE.02.01.R0090) could be added to investment fund shares and information available in the list of assets template on whether an investment fund share/unit is a participation (SE.06.02.C0310) used to derive estimated proportions.

Investment fund shares, broken down into MMF shares/units and non-MMF shares/units

From the list of assets template (SE.06.02), MMF shares/units can be derived by adding all Solvency II amounts (SE.06.02.C0170) of all lines where the CIC is 43 and non-MMF shares/units can be derived by adding all Solvency II amounts of all lines where the CIC is 4#, excluding those lines where the CIC is 43.

Non-MMF shares/units broken down by type of funds

The breakdown of holdings of non-MMF shares/units by type of funds collected in the list of assets template (SE.06.02) does not correspond to ECB requirements.

For non-MMF shares/units that have an ISIN code, the breakdown by type of fund (for CICs other than CIC 43) can be derived from the CSDB, based on the attribute "Fund asset structure type".

For non-MMF shares/units with no ISIN code, information on the breakdown by type of fund may be derived by (i) grossing up the information derived from the non-MMF shares/units with an ISIN code available from the CSDB, and/or (ii) using the information from the Solvency II templates by applying the mapping described in Table 15 between the CIC breakdowns and ECB requirements.

Table 15
Non-MMF shares/units – mapping CIC codes to ECB requirements

CIC code (CIC code description)	ECB requirements
CIC 41 (Equity funds)	Equity funds
CIC 42 (Debt funds)	Bond funds
CIC 44 (Asset allocation funds)	Mixed funds
CIC 45 (Real estate funds)	Real estate funds
CIC 46 (Alternative funds)	Hedge funds
CIC 47 (Private equity funds)	Equity funds / Other funds
CIC 48 (Infrastructure funds)	Other funds
CIC 49 (Other)	Other funds

Private equity funds (CIC 47) should be classified, in the context of investment funds statistics,⁴⁰ according to the nature of their investment. Private equity funds are classified as equity funds if they primarily invest in equity, and as other funds if they largely invest in unlisted companies, e.g. through loans or participations. One approach would be to follow the national solution used for private equity funds resident in the euro area/EU countries. (The ESCB’s Register of Institutions and Affiliates Data, RIAD, can provide information on the classification of these funds). However, this information is not available for non-EU countries.

A more precise allocation by type of fund can be obtained by using the supervisory information collected in template S.06.03 (“Collective investment undertakings – look-through approach”) which identifies asset categories within the collective investment undertaking (on a line-by-line basis). If template S.06.03 is not reported on a quarterly basis (i.e. the ratio of collective investment undertakings held by the undertaking to total investments is lower than 30%), the information made available on an annual basis can be used. The asset ID code (C0040) in SE.06.02 identifies the investment fund share/unit held. The same asset ID code (C0010) can then be found in S.06.03 where the underlying asset categories in which investments are made (and their corresponding amounts) are listed.

However, it is assumed that most IF shares/units are included in the CSDB, in which case approach (i) should be sufficient.

⁴⁰ See “Manual on investment fund statistics based on regulation ECB/2013/39 and guideline ECB/2014/15, December 2017”, Section 5.3.2., on the Classification of PEFs.

Breakdowns by geographical location of counterparty

The breakdown by geographical location of the investment fund share issuer can be derived from the ECB add-on “Country of residence for collective investment undertakings” (SE.06.02.EC0271), which only has to be reported for relevant instruments with no ISIN code.

For investment fund shares/units with an ISIN code, the breakdown by geographical location of the counterparty can be derived from information available in the CSDB (see Chapter 5).

For investment fund shares/units with no ISIN code, the breakdown by geographical location of the counterparty can be derived by grouping the relevant lines by country of residence for collective investment undertakings.

6.5.5.3 Assets – IF shares/units – derivation of transactions

Transactions in investment funds shares which occur between $t-1$ and t can be approximated using the same basic formula used for equity.

$$TR_t = (Q_t - Q_{t-1}) * (P_{t-1} + P_t) / 2 \quad \text{(Formula 12)}$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

Q_t = number of assets, quantity (SE.06.02.C0130) at time t

P_t = unit Solvency II price (SE.06.02.C0370) at time t

6.5.6 Assets – loans

6.5.6.1 Assets – loans – ECB reporting requirements for NCBs and relevant Solvency II templates

Loans (ESA 2010: F.4) are reported at fair value, further broken down by remaining maturity, original maturity and ESA counterparty sector, and separately identifying deposit guarantees in connection with the reinsurance business. Loans at nominal value broken down by original maturity are also required. Different levels of geographical breakdown of the counterparty are required for different details of loans. The reporting requirements for loans are summarised in Table 16.

Table 16**ECB reporting requirements for loans (assets)**

	Geographical breakdown of counterparty ¹		
	Level 1	Level 1.1	Level 3
Loans – fair value (total)			X
Loans of which deposit guarantees in connection with reinsurance business – fair value			X
Loans – fair value, broken down by original maturity (<1, 1-5, >5) broken down by remaining maturity (<1, 1-2, 2-5, >5)	X		
Loans – fair value, broken down by original maturity and ESA sector ²		X	
Loans – nominal value, broken down by original maturity	X		

1) Levels of geographical breakdowns are described in Section 2.1.4.

2) The ESA counterparty sectors are described in Section 2.1.5. The ESM and EFSF are separately identified.

These requirements can be derived from the list of assets template (SE.06.02) and the deposits to cedants ECB add-on template (E.01.01). Totals loans at fair value (with no further breakdown by maturity, sector or geographical location of counterparty) can be at least partially derived from the balance sheet template (SE.02.01), especially when the list of assets and deposits to cedants templates are not reported due to lower coverage of the list of assets template (see Section 8.1).

6.5.6.2 Assets – loans – derivation of outstanding amounts

The list of assets template (SE.06.02) for loans other than deposits to cedants and the line-by-line reporting of deposits to cedants in the deposits to cedants template (E.01.01) allow all ECB reporting requirements for loans to be derived.

The CIC codes corresponding to the ESA 2010 category “Loans” (F.4) are the following:

CIC 75: Deposits to cedants

CIC 8#: Mortgages and loans (M&L) with the exception of (i) M&Ls with agreed maturity up to 1 year and where the counterparty sector is a domestic MFI, and (ii) M&Ls (all maturities) where the counterparty sector is a non-domestic MFI/bank

In regard to mortgages and loans, IC loans with an agreed maturity up to 1 year – or that include a cancellation option – vis-à-vis domestic MFIs and all IC loans vis-à-vis non-domestic MFIs/banks should be classified under deposits, and therefore excluded from loans. More details are provided in Section 6.5.2 “Currency and deposits”.

Furthermore, some instruments classified as debt securities or equity according to the CIC code (CIC 1, 2, 3, 5 or 6) should be classified as loans for statistical purposes. These instruments are identified in the ECB add-on “Instrument classification according to ESA 2010” (SE.06.02.EC0291). They should be reported under loans unless the counterparty sector is a domestic MFI and the original maturity is less or equal to one year, or the instrument has a cancellation option

(SE.06.02.EC0391), or the counterparty sector is a non-domestic MFI (in these cases they should be allocated to deposits).

The following two issues relating to deriving loan requirements from SE.06.02 and E.01.01 should be highlighted.

Issue 1: loans to individuals, including loans on policies vis-à-vis individuals (loans granted to policyholders, collateralised on policies) are not reported on a line-by-line basis in SE.06.02.

- Estimations/assumptions therefore have to be made of the breakdown by geographical location and sector of the counterparty. One option is to treat these loans as loans granted to domestic households.
- For maturity breakdowns, the maturity date (SE.06.02.C0390) refers to the “weighted (based on the loan amount) remaining maturity” and the issue date (SE.06.02.EC0381) refers to the “weighted issue date (based on the loan amount)”. Using these figures, best estimates for the maturity breakdowns can be derived.

Issue 2: no information on maturity is collected for deposits to cedants in E.01.01. As these deposits generally depend on whether or not an event occurs, it is not possible to obtain a proper maturity. Since reinsurance treaties are in general renewed yearly, the default is considered to be one year.

The balance sheet template (SE.02.01) allows for the partial derivation of information on total loans at fair value and on deposit guarantees in connection with reinsurance business.

Total loans at fair value and its sub-item deposit guarantees in connection with reinsurance business

Total loans at fair value can be derived from the list of assets template (SE.06.02) and the deposits to cedants template (E.01.01) as the sum of:

1. all Solvency II amounts (SE.06.02.C0170) of all lines in SE.06.02 where the CIC (SE.06.02.C0290) is 8#;
2. all Solvency II amounts of all lines in SE.06.02 where the CIC is 1, 2, 3, 5 or 6, but the instrument has been identified as a loan in the instrument classification according to ESA 2010;
3. all Solvency II amounts (E.01.01.EC0040) of all lines in the deposits to cedants template (E.01.01).

However, in cases 1 and 2, the following lines should be excluded:

- all lines where the ESA issuer sector (SE.06.02.EC0231) is a domestic MFI and the original maturity derived from the difference between the

maturity date (SE.06.02.C0390) and issue date (SE.06.02.EC0381) is less or equal to one year;

- all lines where the ESA issuer sector is a non-domestic MFI/bank.

Loans at fair value, of which deposit guarantees in connection with reinsurance business can be derived by adding all Solvency II amounts (E.01.01.EC0040) of all lines in the deposits to cedants template.

From the balance sheet template (SE.02.01), total loans at fair value can be derived as the sum of:

1. loans and mortgages/neither unit-linked nor index-linked (SE.02.01.R0230);
2. deposits to cedants/neither unit-linked nor index-linked (SE.02.01.R0350);
3. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to loans and mortgages.

In regard to point 3, the proportion of assets held for index-linked and unit-linked contracts that relates to loans can be derived from the information collected in the list of assets template, where assets held for index-linked and unit-linked contracts are identified in the cell "Asset held in unit-linked and index-linked contracts" (SE.06.02.C0090).

Loans at fair value, of which deposit guarantees in connection with reinsurance business can be derived from deposits to cedants/neither unit-linked nor index-linked (SE.02.01.R0350).

Total loans at nominal value

In line with the ESA 2010 (paragraph 7.39) interest accrued on loans should be allocated to the nominal amount as it accrues.

It follows that total loans at nominal value can be derived from the list of assets and deposits to cedants templates as the sum of:

1. all par amounts (SE.06.02.C0140) and accrued interest (SE.06.02.C0180) of all lines in SE.06.02 where the CIC is 8#;
2. all par amounts and accrued interest of all lines in SE.06.02 where the CIC is 1, 2, 3, 5 or 6, but the instrument has been identified as a loan in the instrument classification according to ESA 2010;
3. all par amounts (E.01.01.EC0060) and accrued interest (E.01.01.EC0050) of all lines in the deposits to cedants template (E.01.01).

However, in points 1 and 2, the following lines should be excluded:

- all lines where the ESA issuer sector (SE.06.02.EC0231) is a domestic MFI and the original maturity derived from the difference between the maturity date (SE.06.02.C0390) and issue date (SE.06.02.EC0381) is less or equal to one year;
- all lines where the ESA issuer sector is a non-domestic MFI/bank.

Breakdowns by original maturity

Loans with an agreed maturity up to 1 year can be derived as the sum of:

1. all relevant lines in SE.06.02 where the CIC is 8#, the original maturity is less than or equal to 1 year, or the instrument has a cancellation option (SE.06.02.EC0391), as derived from the difference between the maturity date (SE.06.02.C0390) and the issue date (SE.06.02.EC0381), and the ESA issuer sector (SE.06.02.EC0231) is not an MFI/bank – this also applies to all instruments identified as loans in the instrument classification according to ESA 2010 (SE.06.02.EC0291);
2. all relevant lines in E.01.01.

The other original maturity bands can be derived from the difference between the maturity date (SE.06.02.C0390) and the issue date (SE.06.02.EC0381) by adding all lines in SE.06.02 where the CIC is 8# and the ESA issuer sector (SE.06.02.EC0231) is not a non-domestic MFI/bank. This also applies to all instruments identified as loans in the instrument classification according to ESA 2010 (SE.06.02.EC0291).

Breakdowns by remaining maturity

Loans with remaining maturity up to 1 year can be derived as the sum of:

1. all relevant lines in SE.06.02 where the CIC is 8# and the remaining maturity is less than or equal to 1 year as derived from the maturity date (SE.06.02.C0390), excluding loans with an original maturity of less than or equal to 1 year, or the instrument has a cancellation option (SE.06.02.EC0391) and where the ESA issuer sector (SE.06.02.EC0231) is an MFI/bank – this also applies to all instruments identified as loans in the instrument classification according to ESA 2010 (SE.06.02.EC0291);
2. all relevant lines in E.01.01.

The other remaining maturity bands can be derived from the maturity date (SE.06.02.C0390) by adding all lines in SE.06.02 where the CIC is 8# and the ESA issuer sector (SE.06.02.EC0231) is not a non-domestic MFI/bank. This also applies to all instruments identified as loans in the instrument classification according to ESA 2010 (SE.06.02.EC0291).

Breakdowns by geographical location and ESA sector of counterparty

The breakdowns by geographical location can be derived by grouping the relevant lines by issuer country (SE.06.02.C0270 in the list of assets template, and E.01.01.EC0020 in the deposits to cedants template).

The breakdowns by sector can be derived by grouping the relevant lines by issuer sector according to ESA 2010 (SE.06.02.C0270) for loans that are reported in the list of assets template. Deposits to cedants derived from the deposits to cedants template should all be allocated to the counterparty sector “Insurance corporations”.

It can be assumed that loans to individuals, including loans on policies vis-à-vis individuals, which are not reported on a line-by-line basis in the list of assets template, are loans granted to domestic households.

6.5.6.3 Assets – loans – derivation of transactions

Loans cover both national (euro) and foreign currency denominated assets. In accordance with the ESA 2010, the accrual of interest should be treated as a transaction in loans. When a loan is written down/off this should be treated as a revaluation adjustment and not as a transaction.

It follows that transactions in loans (whether at fair or nominal value) can be derived as follows:

$$TR_t = (N_t - N_{t-1}) + (A_t - A_{t-1}) - E_t - Rec_t - (-W_t) \quad (\text{Formula 13})$$

where

TR_t = transaction at time t (which occurred between $t - 1$ and t)

N_t = nominal amount/par amount (SE.06.02.C0140) at time t

A_t = accrued interest (SE.06.02.C0180) at time t

W_t = write-offs/downs (SE.06.02.EC0141, reductions in par amount “N” are expressed as a positive value) at time t

E_t = exchange rate adjustment at time t

Rec_t = reclassification adjustment at time t

For holdings of euro-denominated loans, whose currency of denomination is the euro, the exchange rate adjustment (E) equals nil.

For holdings of non-euro denominated loans, whose currency of denomination is not the euro, an exchange rate adjustment needs to be derived (see section on “Deposits” above). The list of assets template (SE.06.02) specifies the currency of

denomination in column C0280 (“Currency”). The currency of denomination of deposits to cedants is available in template E.01.01 (column EC0030).

6.5.7 Assets – financial derivatives

6.5.7.1 Assets – financial derivatives – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements for financial derivatives consist of total financial derivatives with no further breakdown.

These requirements can be derived from the balance sheet template (SE.02.01) and the open derivatives template (S.08.01).

In the balance sheet template (SE.02.01), financial derivatives are recorded in the following cells:

- assets - investments (other than assets held for index-linked and unit-linked contracts) – derivatives (SE.02.01.R0190);
- assets - assets held for index-linked and unit-linked contracts (SE.02.01.R0220), where derivatives are not separately identified;
- liabilities – derivatives (SE.02.01.R0790).

In the open derivatives template (S.08.01), financial derivatives are considered assets if their Solvency II value is positive or zero. They are considered liabilities if their Solvency II value is negative.

For derivatives held in index-linked and unit-linked contracts, if the sum of these derivatives (derived from template S.08.01) is positive/negative, this is recorded on the asset side of the balance sheet template (SE.02.01.R0220) with a corresponding positive/negative entry. The cell “Derivatives held in index-linked and unit-linked contracts” (S.08.01.C0080) indicates whether a derivative is held in index-linked and unit-linked contracts (i.e. if C0080 = “1”).

For derivatives that are not held in unit-linked or index-linked contracts, the difference between derivatives on the asset side of the balance sheet (SE.02.01.R0190/C0010) and derivatives on the liability side of the balance sheet (SE.02.01.R0790/C0010) corresponds to the sum of Solvency II values recorded for derivatives in the open derivatives template (S.08.01.C0240) when the derivatives are not held for index-linked and unit-linked contracts (i.e. if C0080 = “2”). This relationship does not hold for assets and liabilities individually as reporting in S.08.01 may be more granular than by contract, while the assessment of whether a contract is an asset or a liability is carried out by contract.

6.5.7.2 Assets – financial derivatives – derivation of outstanding amounts

Financial derivatives can be derived from the balance sheet and open derivatives templates as follows:

1. derivatives/neither unit-linked nor index-linked from the balance sheet template (SE.02.01.R0190);
2. plus Solvency II values in the open derivatives template (S.08.01.C0240) for all derivatives held in unit-linked or index-linked contracts (i.e. C0080 = 1) that are reported with a positive value.

6.5.7.3 Assets – financial derivatives – derivation of transactions

There is currently no guidance on the derivation of transactions for financial derivatives. This issue is under review. Until guidance is provided, NCBs shall derive information on revaluation adjustments for financial derivatives to be reported to the ECB based on national experience.

6.5.8 Assets – ITRs and related claims

6.5.8.1 Assets – ITRs and related claims – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements for ITRs and related claims consist of total ITRs and a level 3 geographical breakdown of counterparties (i.e. EU country-by-country information, total Rest of the world and main counterparties outside the EU on a country-by-country basis).

These requirements can be derived from the balance sheet template (SE.02.01) and the share of reinsurers template (S.31.01).

6.5.8.2 Assets – ITRs and related claims – derivation of outstanding amounts

ITRs and related claims correspond to reinsurance recoverables in the balance sheet template (SE.02.01.R0270).

The outstanding amounts recorded for reinsurance recoverables may be negative if the present value of future cash inflows (best estimate recoveries) is lower than the present value of future cash outflows (e.g. premium payments).

Breakdowns by geographical location of counterparty

The geographical breakdown of reinsurance recoverables can be derived from the annual template on shares of reinsurers, which includes information on where the reinsurer is resident. The geographical breakdown can be derived by adding up the reinsurance recoverables (S.31.01.C0100) grouped by country of residence (S.31.01.C0200). The quarterly data can be estimated by using the year-end ratios (i.e. applying the same country proportions to the quarterly total reinsurance recoverables).⁴¹

6.5.8.3 Assets – ITRs and related claims – derivation of transactions

Given that no information is available for the derivation of transactions/revaluation adjustments in ITRs and related claims, transactions in ITRs and related claims are calculated according to the difference in outstanding amounts applying the formula $TR_t = S_t - S_{t-1} - Rec_t$ where TR_t refers to transactions at time t , S_t refers to outstanding amounts at time t and Rec_t refers to reclassification adjustments at time t .

6.5.9 Assets – non-financial assets

6.5.9.1 Assets – non-financial assets – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements for non-financial assets consist of total non-financial assets with no further breakdown.

These requirements can be derived from the list of assets template (SE.06.02) and the balance sheet template (SE.02.01).

6.5.9.2 Assets – non-financial assets – derivation of outstanding amounts

Non-financial assets can be derived from the balance sheet template (SE.02.01) as the sum of:

1. intangible assets (SE.02.01.R0030);
2. property, plant & equipment held for own use/neither unit-linked nor index-linked (SE.02.01.R0060);
3. property, other than own use (SE.02.01.R0080);

⁴¹ Note: check BV402 states that $S.02.01.R0270 \leq \text{sum}(S.31.01.C0100)$.

4. the proportion of assets held for index-linked and unit-linked contracts (SE.02.01.R0220) relating to non-financial assets.

In regard to point 4, the proportion of assets held for index-linked and unit-linked contracts that relates to non-financial assets can be derived from the information collected in the list of assets template, where assets held for index-linked and unit-linked contracts are identified in the cell "Asset held in unit-linked and index-linked contracts" (SE.06.02.C0090).

Alternatively, non-financial assets may be derived from the list of assets template (SE.06.02) by adding up the Solvency II amounts (SE.06.02.R0170) for all lines where the CIC is 9#. However, since intangible assets are not covered by the list of assets template SE.06.02, intangible assets (SE.02.01.R0030) from the balance sheet template would need to be added.

6.5.9.3 Assets – non-financial assets – derivation of transactions

Financial transactions are calculated by applying the formula $TR_t = S_t - S_{t-1} - Rev_t - Rec_t$ where TR_t refers to transactions at time t , S_t refers to outstanding amounts at time t , Rev_t refers to revaluation adjustments at time t and Rec_t refers to reclassification adjustments at time t .

Property (held for own use and other than own use) is recorded on a line-by-line basis in the list of assets template (SE.06.02).

The difference in the Solvency II amount (SE.06.02.C0170) between $t-1$ and t for the same holding can be attributed to revaluation adjustments.⁴² If a new non-financial asset is bought or a non-financial asset is sold, this is attributed to transactions. New non-financial assets can be identified based on entries for asset ID code and type of code (SE.06.02.C0040) and item titles (SE.06.02.C0190) which were not included in the previous reporting period.

6.5.10 Assets – remaining assets

6.5.10.1 Assets – remaining assets – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements for remaining assets consist of total remaining assets with no further breakdown.

These requirements can be derived from the balance sheet template (SE.02.01) and the own funds template (S.23.01).

⁴² It is assumed that the difference is entirely due to revaluation adjustments even if the difference in Solvency II amounts between two periods for the same holding may also reflect depreciation, which should in principle be treated as a transaction.

6.5.10.2 Assets – remaining assets – derivation of outstanding amounts

Remaining assets can be derived from the balance sheet and own funds templates as the sum of:

1. deferred tax assets (SE.02.01.R0040);
2. pension benefit surplus⁴³ (SE.02.01.R0050);
3. insurance and intermediaries receivables (SE.02.01.R0360);
4. reinsurance receivables (SE.02.01.R0370);
5. receivables, trade, not insurance (SE.02.01.R0380);
6. amounts due in respect of own fund items or initial fund called up but not yet paid in (SE.02.01.R0400);
7. any other assets, not shown elsewhere (SE.02.01.R0420) minus the Solvency II amount (SE.06.02.C0170) where the CIC code (SE.06.02.C0290) is 79, derived from SE.06.02⁴⁴;
8. other investments (SE.02.01.R0210);
9. the difference between “liabilities” + “equity” (derived from S.23.01 – see section on equity liabilities) and “assets, excluding own shares held directly (R0390)” when the former (“liabilities” + “equity”) is larger than the latter (“assets, excluding own shares held directly”).

“Other investments [neither index-linked nor unit-linked]” (R0210) is a residual category in the balance sheet template and is only available as a total. In principle this item should not be material. It can therefore be allocated to remaining assets if the amount is immaterial (i.e. nil or close to nil) or alternatively distributed proportionally to the different investment categories if the amount is material. Further, other investments (defined as other assets reported under “Other investments”) are reported in the list of assets template (CIC code 09), which can serve to identify at least the largest other investments and to ensure their correct allocation.

6.5.10.3 Assets – remaining assets – derivation of transactions

Remaining assets cover miscellaneous items. As the calculation of valuation changes for such a generic item is problematic, if possible, transactions in remaining assets will be derived as the difference in outstanding amounts, and when known and relevant, adjusted for other factors which may be relevant in the given period.

⁴³ “Pension benefit surplus” relates to the surplus of the staff (i.e. employees of the reporting institution) pension scheme (similar to “pension benefit obligations” included in remaining liabilities).

⁴⁴ Since data point model and taxonomy 2.7.0 CIC 79 is reported in SE.02.01.R0420.

6.6 Derivation of quarterly ECB requirements – liabilities

6.6.1 Liabilities – overview

The following QRTs and URTs are needed to derive quarterly liability items and their breakdowns.

Template SE.02.01 (“Balance sheet”) contains information on the majority of ECB liability item totals, with the exception of equity further broken down into listed, unlisted and other equity and life ITRs of which pension entitlements further broken down into defined contribution, defined benefit and hybrid schemes.

Template S.31.01 (“Share of reinsurers”) provides more detailed information on ITRs and related claims, including where the reinsurer is resident. This allows information to be derived on the liability side on the country of residence of reinsurers for deposits from reinsurers (included in the ECB requirement “Loans vis-à-vis non-MFIs” in the direct insurers’ balance sheet).

Template S.23.01 (“Own funds”) contains information on own funds, which serve as an input to derive the required information on equity liabilities.

ECB add-on template E.02.01 (“Pension entitlements”) allows the required information to be derived on pension entitlements broken down into defined contribution schemes, defined benefit schemes and hybrid schemes.

Template S.12.01 (“Life and health SLT technical provisions”) allows information to be derived on the ITRs vis-à-vis domestic counterparts when an insurance undertaking only has domestic business and is therefore not reporting template S.12.02. This template also serves to derive the memorandum item “Life ITRs – of which accepted reinsurance”. Furthermore, template S.12.01 may serve as an input to derive estimates for quarterly information on life ITRs broken down by geographical counterpart.

Template S.12.02 (“Life and health SLT technical provisions – by country”) allows life ITRs to be derived broken down by geographical location of counterparties. However, when an insurance undertaking only has domestic business this template is not reported and information available from template S.12.01 must be used instead.

Template S(E).17.01 (“Non-life technical provisions”) allows non-life ITRs to be derived broken down by line of business when an insurance undertaking only has a domestic business and is therefore not reporting template S.17.03. Furthermore, template SE.17.01 includes information relevant to the estimation of financial transactions for non-life ITRs.

Template S.17.03 (“Non-life technical provisions – by country”) allow non-life ITRs to be derived broken down by line of business and by geographical location of counterparties. However, when an insurance undertaking only has domestic

business this template is not reported and information from template S.17.01 must be used instead.

Template S.04.03 (“Basic information – list of underwriting entities”) can potentially be used to derive estimates for the EEA country breakdown of life ITRs and non-life ITRs when country-by-country information is not available from templates S.12.02 and S.17.03.

Template S.04.04 (“Activity by country – location of underwriting”) can potentially be used (in conjunction with S.04.03) to derive estimates for the EEA country breakdown of life ITRs and non-life ITRs when country-by-country information is not available from templates S.12.02 and S.17.03.

Template S.05.01 (“Premiums, claims and expenses by line of business”) allows transactions (and thereby adjustments) for life ITRs (both unit-linked and non-unit linked) to be derived.

Template SE.06.02 (“List of assets”) can alternatively be used to derive transactions for unit-linked life ITRs.

Template E.04.01 (“Investment revenues and expenses (attribution to policyholders)”) contains information on premium supplements, which are also known as investment revenues and expenses, attributed to policyholders. Premium supplements are considered transactions in life ITRs. This template also contains information relevant for the calculation of transactions for foreseeable dividends, distributions and charges paid.

Template S.19.01 (“Non-life insurance claims”) contains information on claims incurred and changes in claims provisions BE. This template may be used to calculate non-life transactions for reporters that are exempted from quarterly data transmission.

Table 17 summarises the relevant QRTs and URTs for deriving ECB liability requirements.

Table 17

ECB requirements for liabilities (including breakdowns) and relevant QRTs and URTs

		Liability item (including breakdowns)						
		Debt securities	Loans	Equity	Life ITRs	Non-life ITRs	Financial derivatives	Other liabilities
Relevant templates (QRTs and URTs)	SE.02.01	√	√	√	√	√	√	√
	S.31.01		√					
	S.23.01	(√)		√				√
	E.02.01				√			
	S.12.01				√			
	S.12.02				√			
	S.04.03				√	√		
	S.04.04				√	√		
	S.05.01				√			
	SE.06.02				√			
	S(E).17.01					√		
	S.17.03					√		
	E.04.01			√	√	√		
	S.19.01					√		

The following sections describe (i) ECB requirements and the relevant QRTs and URTs, (ii) the derivation of outstanding amounts, and (iii) the derivation of transactions for each instrument.

6.6.2 Liabilities – debt securities issued

6.6.2.1 Liabilities – debt securities issued – ECB reporting requirements for NCBs and relevant Solvency II templates

Debt securities issued are reported as a total with no further breakdown.

This requirement can be derived from the balance sheet template (SE.02.01). The own funds template (S.23.01) may also be needed if other own fund items in respect of matching adjustment portfolios and ring-fenced funds are included in debt securities issued (see Section 6.6.4).

6.6.2.2 Liabilities – debt securities issued – derivation of outstanding amounts

Debt securities issued can be derived from the balance sheet template as the sum of:

1. other financial liabilities (debt securities issued) (ER0815);

2. subordinated liabilities (R0850);

minus

3. non-negotiable instruments (C0010/ER0851-ER0856), which should be classified as loans.

Subordinated liabilities are classified as either loans or debt securities issued according to the nature of the financial instrument. If the necessary information for classification is not available, subordinated liabilities are to be classified as debt securities issued, on the grounds that subordinated debt is predominantly in the form of securities rather than loans.⁴⁵ If classified as debt securities issued, the amounts for non-negotiable instruments reported in C0010/ER0851-ER0856 must be subtracted, as they should in fact be classified as loans.

As described in Section 6.6.4, depending on the content of the item, other own fund items in respect of matching adjustment portfolios and ring-fenced funds (S.23.01.R0180/C0100) may also be included in debt securities issued.

6.6.2.3 Liabilities – debt securities issued – derivation of transactions

Given the small weight of this instrument in total liabilities, transactions may be approximated as a difference in outstanding amounts and calculated by applying $TR_t = S_t - S_{t-1} - Rec_t$, where TR_t refers to transactions at time t , S_t refers to outstanding amounts at time t and Rec_t refers to reclassification adjustments at time t .

6.6.3 Liabilities – loans

6.6.3.1 Liabilities – loans – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements consist of loans with MFIs and non-MFIs (banks/non-banks in the case of counterparties located outside the euro area), further broken down by geographical location of counterparty (level 1 breakdown, i.e. domestic, other euro area Member States, total and Rest of the world). Total deposit guarantees in connection with reinsurance business (as an “of which” position of total loans) are separately identified.

These requirements can be derived from the balance sheet template (SE.02.01) and the share of reinsurers template (S.31.01).

⁴⁵ This is in line with Regulation (EU) No 2021/379 of the European Central Bank of 22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2).

6.6.3.2 Liabilities – loans – derivation of outstanding amounts

Loans vis-à-vis MFIs/banks, including level 1 geographical breakdown

Loans vis-à-vis MFIs/banks, further broken down by level 1 geographical location of the MFI/bank, can be gauged by adding up the following items in the balance sheet template.

Loans vis-à-vis domestic MFIs/banks:

1. debts owed to credit institutions resident domestically (SE.02.01.ER0801);
2. non-negotiable instruments held by credit institutions resident domestically (SE.02.01.ER0851);

Loans vis-à-vis MFIs/banks resident in the euro area other than domestic:

3. debts owed to credit institutions resident in the euro area other than domestic (SE.02.01.ER0802);
4. non-negotiable instruments held by credit institutions resident in the euro area other than domestic (SE.02.01.ER0852);

Loans vis-à-vis MFIs/banks resident in the rest of the world:

5. debts owed to credit institutions resident in the rest of the world (SE.02.01.ER0803);
6. non-negotiable instruments held by credit institutions resident in the rest of the world (SE.02.01.ER0853).

Loans vis-à-vis non-MFIs/non-banks (total)

Total loans vis-à-vis non-MFIs/non-banks can be derived by adding up the following items in the balance sheet template.

1. deposits from reinsurers (SE.02.01.R0770);

Loans vis-à-vis domestic non-MFIs/non-banks:

2. debts owed to non-credit institutions resident domestically (SE.02.01.ER0812);
3. non-negotiable instruments held by non-credit institutions resident domestically (SE.02.01.ER0854);

Loans vis-à-vis non-MFIs/non-banks resident in the euro area other than domestic:

4. debts owed to non-credit institutions resident in the euro area other than domestic (SE.02.01.ER0813);
5. non-negotiable instruments held by non-credit institutions resident in the euro area other than domestic (SE.02.01.ER0855);

Loans vis-à-vis non-MFIs/non-banks resident in the euro area other than domestic:

6. debts owed to non-credit institutions resident in the rest of the world (SE.02.01.ER0814);
7. non-negotiable instruments held by non-credit institutions resident in rest of the world (SE.02.01.ER0856).

Loans vis-à-vis non-MFIs/non-banks – level 1 geographical breakdown

While the level 1 geographical breakdown is available from the balance sheet template for debts owed to non-credit institutions and non-negotiable instruments (sub-component of subordinated liabilities), this is not the case for deposits from reinsurers, which are only reported as a total in the balance sheet template.

The geographical breakdown for deposits from reinsurers can be derived from the share of reinsurers template (S.31.01) by using the amounts for cash deposits, grouped by country of residence. Cash deposits (S.31.01.C0140) received by the reporting IC from reinsurers are recorded on a reinsurer-by-reinsurer basis and the country of residence of the reinsurer is recorded under S.31.01.C0200.

However, there are two shortcomings: (i) the cash deposits reported in template S.31.01 may not represent the total deposits from reinsurers reported in template SE.02.01⁴⁶, and (ii) template S.31.01 is submitted annually.

In regard to point (i), deposits from reinsurers are expected to mainly consist of cash deposits. However, other types of deposits, such as deposits in bonds, may potentially exist. In most cases, a reinsurer will provide the cash deposits, but in some cases, a reinsurer could opt to recognise a debt (which will create a receivable on the asset side of the balance sheet of the direct insurer), the counterpart of which is recorded on the liability side as a deposit from the reinsurer. This receivable is guaranteed by (off-balance-sheet) collateral in the form of bonds.

⁴⁶ Accordingly, EIOPA's validation check BV140 states that S.02.01.R0770 >= sum (S.31.01.C0140).

Table 18

Example of a balance sheet of a direct insurer

Assets		Liabilities	
Investments	700	Technical provisions	1000
Cash	100	Deposits from reinsurers (of which 100 in cash and 200 debt)	300
Reinsurance recoverables	300		
Reinsurance receivables	200		

It follows that in regard to point (i), the data can be grossed up by assuming that the proportions for the geographical breakdown observed for cash deposits are the same for deposits from reinsurers (other than cash deposits). In regard to point (ii), quarterly data can be estimated using year-end ratios.

Deposit guarantees in connection with reinsurance business

Loans of which deposit guarantees in connection with reinsurance business can be derived from the balance sheet item “Deposits from reinsurers” (SE.02.01.R0770).

6.6.3.3 Liabilities – loans – derivation of transactions

Given the small weight of this instrument in total liabilities and the minor valuation changes assumed, transactions may be approximated as a difference in outstanding amounts and calculated by applying the formula $TR_t = S_t - S_{t-1} - Rec_t$, where TR_t refers to transactions at time t , S_t refers to outstanding amounts at time t , and Rec_t refers to reclassification adjustments at time t .

6.6.4 Liabilities – equity

6.6.4.1 Liabilities – equity – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements consist of total equity, further broken down into listed shares, unlisted shares and other equity. The non-bank Guideline also requires the separate reporting of reconciliation reserves (as an “of which” position of total equity) when this information is available, including on a best estimate basis.

These requirements can be derived from the balance sheet (SE.02.01), the own funds (S.23.01) and investment revenues and expenses (attribution to policyholders) (E.04.01) templates.

In Solvency II reporting, the items recorded as equity liabilities in accordance with the IC Regulation are not part of liabilities in the balance sheet template, where total

assets (SE.02.01.R0500) equal total liabilities (SE.02.01.R0900) plus excess of assets over liabilities (SE.02.01.R1000). The items included under excess of assets over liabilities that should be allocated to equity can be derived from the own funds template.

Table 19 below shows which items (reported in the own funds template) are included under excess of assets over liabilities.⁴⁷ It also shows where the different items are allocated in the statistical balance sheet.

Table 19

Representation of excess of assets over liabilities by item in the own funds template and allocation of each item in the statistical balance sheet

Items included under excess of assets over liabilities (S.23.01.R0700,C0060) Note: equals S.02.01.R1000 (excess of assets over liabilities in balance sheet template)	S.23.01 (row, column)	Allocation in statistical balance sheet
Own shares (held directly and indirectly)	R0710, C0060	Held directly: not included Held indirectly: assets/equity ¹
Foreseeable dividends, distributions and charges	R0720, C0060	Equity
Other basic own fund items (equals the sum of the items below)	R0730, C0060	
Ordinary share capital (gross of own shares)	R0010, C0010	Equity
Share premium account related to ordinary share capital	R0030, C0010	Equity
Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings	R0040, C0010	Equity
Subordinated mutual member accounts	R0050, C0010	Equity
Surplus funds	R0070, C0010	Equity
Preference shares	R0090, C0010	Equity
Share premium account related to preference shares	R0110, C0010	Equity
An amount equal to the value of net deferred tax assets	R0160, C0010	Remaining liabilities
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180, C0010	Debt securities/equity/ remaining liabilities
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740, C0060	Equity
Reconciliation reserve ²	R0760, C0060	Equity

1) Included in the balance sheet template (SE.02.01) under holdings in related undertakings (R0090).

2) Includes "Own shares" as a negative entry.

The item "Other own fund items approved by the supervisory authority as basic own funds not specified above" may be allocated to debt securities issued, equity or remaining liabilities, depending on its content. The specific allocation of this item should therefore be decided at national level.⁴⁸ If the item does not show the characteristics of debt securities issued or equity, it should be allocated to remaining liabilities.

⁴⁷ See EIOPA validations BV547 and BV551.

⁴⁸ Note that based on information provided by NCBs in 2021, no values were reported for this item in the majority of euro area Member States.

Adjustment for restricted own fund items should be classed as equity because this adjustment is considered part of own funds⁴⁹.

6.6.4.2 Liabilities – equity – derivation of outstanding amounts

Total equity

Equity is derived by identifying the items included under excess of assets over liabilities which comply with the definition of equity according to the ESA 2010 (5.141), i.e. a “claim on the residual value of a corporation, after all other claims have been met”.

It follows that total equity liabilities can be derived from the own funds template S.23.01 as the sum of:

1. ordinary share capital (gross of own shares) (S.23.01.R0010/C0010);
2. share premium account related to ordinary share capital (S.23.01.R0030/C0010);
3. initial funds, members’ contributions or the equivalent basic own fund item for mutual and mutual-type undertakings (S.23.01.R0040/C0010);
4. subordinated mutual member accounts (S.23.01.R0050/C0010);
5. surplus funds (S.23.01.R0070/C0010);
6. preference shares (S.23.01.R0090/C0010);
7. share premium account related to preference shares (S.23.01.R0110/C0010);
8. reconciliation reserves (S.23.01.R0760/C0060);
9. foreseeable dividends, distributions and charges (S.23.01.R0720/C0060);
10. adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds (S.23.01.R0740/C0060) if applicable (also see Section 6.6.4.1).

As described in the previous section, depending on the content of the item, other own fund items approved by the supervisory authority as basic own funds not specified above (S.23.01.R0180/C0010) may also be included in equity.

⁴⁹ [Guideline on ring-fenced funds](#), from paragraph 1.26 it follows that if adjustments are made, they are considered part of own funds.

Own shares

In line with the ESA 2010 5.151,⁵⁰ own shares, held directly (reported in SE.02.01.R0390), should be excluded from equity. Since reconciliation reserves (S.23.01.R0130/C0010) include own shares as negative entry, the own shares recorded under ordinary share capital (gross of own shares) (S.23.01.R0010/C0010) are cancelled out and no further adjustments need to be made to the total derived for equity.

The negative inclusion of own shares in reconciliation reserves is shown in EIOPA validation checks BV551 and BV547. In line with validation check BV551, reconciliation reserves can be derived as follows:

Reconciliation reserve (S.23.01.R0760/C0060) =

Excess of assets over liabilities (S.23.01.R0700, C0060) -

Own shares (held directly and indirectly) (S.23.01.R0710, C0060) -

Foreseeable dividends, distributions and charges (S.23.01.R0720, C0060) -

Other basic own fund items (S.23.01.R0730, C0060) -

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds (S.23.01.R0740, C0060)

Own shares are included under excess of assets over liabilities (AoL) as they are recorded on the asset side in the balance sheet.⁵¹ Reconciliation reserves are derived by subtracting own funds twice from AoL, once in own shares (held directly and indirectly) (R0710), and once through other basic own fund items (R0730).⁵² It follows that own shares are included as a negative entry once in reconciliation reserves.

Equity, broken down into listed shares, unlisted shares and other equity

The split into listed shares, unlisted shares and other equity can be derived by the NCB based on its knowledge of the issuer (e.g. all equity liabilities of a stock company listed on a stock exchange may be recorded as listed, all equity liabilities of a stock company not listed on a stock exchange may be recorded as unlisted, all equity liabilities of mutual companies may be recorded as other equity). The following points should be taken into account:

⁵⁰ Further described in the Handbook on Securities Statistics, 6.57, International Monetary Fund 2015.

⁵¹ In the balance sheet template (SE.02.01) own shares held directly are recorded under R0390, while own shares held indirectly are included under R0090 "Holdings in related undertakings, including participations".

⁵² In accordance with BV547, other own basic funds include ordinary share capital (gross of own shares) (R0010).

- all shares issued by a listed undertaking are to be recorded as listed shares, even if some of those shares are not listed;
- no instrument with an ISIN should be allocated to other equity.

Equity, of which reconciliation reserves

Reconciliation reserves can be derived from the own funds template (S.23.01) item “Reconciliation reserves” (R0130).

6.6.4.3 Liabilities – equity – derivation of transactions

Transactions/revaluation adjustments for equity are derived by assessing for each item included in equity whether changes in outstanding amounts between t-1 and t should be considered as transactions or as revaluation adjustments. Table 20 summarises the treatment of the different items included in equity.

For the majority of items it is assumed that financial transactions over the reporting period can be derived as a difference in outstanding amounts (i.e. revaluation adjustments are zero).

In the case of surplus funds and reconciliation reserves, the differences in outstanding amounts between t-1 and t are considered as revaluation adjustments.

Changes in foreseeable dividends, distributions and charges are in general considered revaluation adjustments. This is because they do not change the total amount of equity but rather move from the reconciliation reserve (also part of equity) to the foreseeable dividends, distributions and charges position. However, some changes in foreseeable dividends, distribution and charges should be recorded as transactions. These changes are reported in E.04.01.ER0050/EC0060 as investment revenues not attributed to the policyholder, which have to be adjusted for E.04.01.ER0050/EC0070 (investment expenses not attributed to the policyholder). Investment revenues should be recorded as a negative transaction, while investment expenses should be calculated as a positive transaction. The difference in stock after adjustment for transactions should be recorded as revaluation adjustment. The Solvency II Directive (Article 91) defines surplus funds as “accumulated profits which have not been made available for distribution to policy holders and beneficiaries”. As a result, they do not represent financial transactions with policy holders/beneficiaries or shareholders, and changes in surplus funds should be treated as revaluation adjustments.⁵³

⁵³ This treatment is in line with financial accounts since, in FA, changes in surplus funds should not be treated as financial transactions. Changes in surplus funds are not recorded as financial transactions as they are due to income accruing to shareholders that represents non-financial transactions (savings).

Foreseeable dividends, distributions and charges also do not represent a financial transaction. According to EIOPA's Q&A 1701,⁵⁴ a "dividend is foreseeable when the payment becomes likely considering the dividend payment history of the company, the business development throughout the year, the reference date of the assessment and, where appropriate, other relevant circumstances".

In line with the ITS instructions the total reconciliation reserve represents reserves (e.g. retained earnings), net of adjustments (e.g. ring-fenced funds). It results mainly from the difference between the accounting valuation and the valuation according to Article 75 of Directive 2009/138/EC.

The reconciliation reserve item may often be, among other things, the counter-entry for mark-to-market and other revaluations of assets, unless they are reflected elsewhere on the balance sheet. The position thus captures unrealised gains/losses which should be treated as revaluation adjustments.

Revaluations of assets that are not held for index-linked or unit-linked contracts and that affect shareholders of the IC are recorded in equity liabilities. In contrast, revaluations of assets held for index-linked or unit-linked policies and affecting policyholders are reflected in life ITRs as presented in Section 6.6.5.3.

Table 20
Treatment of items included in equity (revaluation adjustments versus transactions)

Items included in equity	Changes in outstanding amounts from $t - 1$ to t : transaction (T) or revaluation adjustment (R)	Derivation of R ($R_t = S_t - S_{t-1} - T_t$)
Ordinary share capital (gross of own shares)	T	$R_t = 0$
Share premium account related to ordinary share capital	T	$R_t = 0$
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	T	$R_t = 0$
Subordinated mutual member accounts	T	$R_t = 0$
Surplus funds	R	$R_t = S_t - S_{t-1}$
Preference shares	T	$R_t = 0$
Share premium account related to preference shares	T	$R_t = 0$
Foreseeable dividends, distributions and charges	R	$R_t = S_t - T_t - S_{t-1}$
Investment revenues and expenses not attributed to policyholders	T	
Other own fund items approved by the supervisory authority as basic own funds not specified above ¹	T	$R_t = 0$
Reconciliation reserve ²	R Change in own shares (included as negative entry): T	$R_t = S_t - S_{t-1} + (\text{change in own shares})^3$

1) This item may or may not be allocated to equity depending on national specificities.

2) Explanations are provided in the section "Own shares".

3) Change in own shares between $t-1$ and t = SE.02.01.R0390 (t) - SE.02.01.R0390 (t-1).

⁵⁴ EIOPA Q&A.

Own shares

As described in Section 6.6.4.2, own shares are not included in total equity (outstanding amounts) since holdings of own shares are included in ordinary share capital (S.23.01.R0710/C0060) and cancelled out by the same negative entry in reconciliation reserves (S.23.01.R0760/C0060).

However, as shown in Table 20 above, a change in the outstanding amount of own shares recorded in ordinary share capital is treated as a transaction. If the same change in the outstanding amount of own shares recorded as a negative entry in reconciliation reserves were treated as a revaluation adjustment, changes in the outstanding amount of own shares would be included in revaluation adjustments/transactions under total equity.

Table 21 illustrates the effect of changes in the outstanding amounts of own shares on revaluation adjustments/transactions on total equity when all changes in reconciliation reserves are treated as revaluation adjustments.

Table 21

Treatment of own shares in line with Table 20 - example

	Time $t - 1$ (outstanding amount)	Time t (outstanding amount)	Transaction ($t - 1$ to t)	Revaluation adjustment ($t - 1$ to t)
Own shares (included in ordinary share capital) S.23.01.R0710/C0060	10	20	10	0
Own shares (included in RR) S.23.01.R0760/C0060	-10	-20	0	-10
Effect on total equity	0	0	10	-10

In order for changes in own shares not to affect revaluation adjustments/transactions in total equity, the change in the outstanding amount of own shares in reconciliation reserves should also be treated as a transaction (and not as a revaluation adjustment). Information on own shares is available from the balance sheet item "Own shares/held directly" (SE.02.01.R0390). In this way, the transaction of own shares included in ordinary share capital is cancelled out by the same transaction (with the opposite sign) in reconciliation reserves.

Table 22 illustrates the effect of changes in the outstanding amount of own shares on revaluation adjustments/transactions under total equity when the corrected guidance is applied for changes in own shares included in reconciliation reserves.

Table 22

Corrected treatment of own shares - example

	Time $t - 1$ (outstanding amount)	Time t (outstanding amount)	Transaction ($t - 1$ to t)	Revaluation adjustment ($t - 1$ to t)
Own shares (included in ordinary share capital) S.23.01.R0710/C0060	10	20	10	0
Own shares (included in RR) S.23.01.R0760/C0060	-10	-20	-10	0
Effect on total equity	0	0	0	0

6.6.5 Liabilities – life ITRs

6.6.5.1 Liabilities – life ITRs – ECB reporting requirements for NCBs and relevant Solvency II templates

Life ITRs are broken down into unit-linked and non-unit linked products. Pension entitlements are separately identified and further broken down by type. Total life ITRs are also broken down by geographical location of the counterparty (level 3, i.e. EU country-by-country information, total Rest of the world and main counterparties outside the EU on a country-by-country basis).

Information on life ITRs of which accepted reinsurance (total) and the geographical breakdown of counterparties is requested via the non-bank Guideline on a best estimate basis, where data are available. The separate identification of reinsurance in life ITRs permits compliance with the ESA 2010, where reinsurance (life or non-life) should be reported under “Non-life ITRs” (e.g. 5.170, 16.82(d)).

The reporting requirements for life ITRs are summarised in Table 23 below.

Table 23

ECB reporting requirements for life ITRs (liabilities)

	No geographical breakdown	Level 3 geographical breakdown of counterparty ¹
Total life ITRs		X
Life ITRs broken down into unit-linked and non-unit linked	X	
Life ITRs of which pension entitlements, further broken down into defined contribution schemes, defined benefit schemes and hybrid schemes	X	
Life ITRs of which accepted reinsurance (best estimate basis)		X

1) Levels of geographical breakdown are described in Section 2.1.4.

These requirements can be derived by using information reported in the following templates.

- Balance sheet (SE.02.01)
- Pension entitlements (ECB add-on, E.02.01)
- Life and health SLT technical provisions (S.12.01.01/annual and S.12.01.02/quarterly)
- Life and health SLT technical provisions – by country (S.12.02)
- Basic information – list of underwriting entities (S.04.03)
- Activity by country – location of underwriting (S.04.04)

In addition, the following templates are required to derive transactions.

- Premiums, claims and expenses by line of business (S.05.01)
- List of assets template (SE.06.02), where Approach 2 (see Section 6.6.5.3) is followed for the derivation of transactions in unit-linked ITRs
- Investment revenues and expenses (attribution to policyholders) (E.04.01)

6.6.5.2 Liabilities – life ITRs – derivation of outstanding amounts

Life ITRs (further broken down into unit-linked and non-unit-linked)

Total life ITRs can be derived by adding up the following items from the balance sheet template:

1. technical provisions – health similar to life (SE.02.01.R0610);
2. technical provisions – life excluding health and index-linked and unit-linked (SE.02.01.R0650);
3. technical provisions – index-linked and unit-linked (SE.02.01.R0690).

Total unit-linked ITRs correspond to the balance sheet item “Technical provisions – index-linked and unit-linked” (R0690).

Total non-unit-linked ITRs correspond to the sum of the balance sheet items “Technical provisions – health similar to life” (R0610) and “Technical provisions – life excluding health and index-linked and unit-linked” (R0650).

Life ITRs of which pension entitlements (further broken down into defined benefit, defined contribution and hybrid)

Pension entitlements broken down into defined contribution schemes, defined benefit schemes and hybrid schemes can be derived from the annual “Pension entitlements”

ECB add-on template (E.02.01). The template includes information on gross technical provisions (TP) as a whole and gross best estimate (BE) for Pillar II defined benefit pension entitlements (ER0030/EC0010), Pillar II defined contribution pension entitlements (ER0040/EC0010) and Pillar II hybrid pension entitlements (ER0050/EC0010).

There are, however, two issues that arise: (i) the amounts reported refer to gross TP as a whole and gross BE (i.e. risk margins are not covered), and (ii) the template is annual.

In regard to point (i), the data can be grossed up by using the proportion of risk margin (SE.02.01.R680 and SE.02.01.R0720) in “Technical provisions – life (excluding health and index-linked and unit-linked)” and “Technical provisions – index-linked and unit-linked” (SE.02.01.R0650 and SE.02.01.R0690), reported in the balance sheet template (SE.02.01).

In regard to point (ii), quarterly data can be estimated by applying the year-end ratios.

A conceptual issue may arise in terms of the delineation between the ESA instrument F.63 (“Pension entitlements”) and F.62 (“Life insurance and annuity entitlements”). Pension entitlements refer to employment related and retirement related pensions (i.e. protecting against the social risk of old age). The second criteria (retirement related) is needed because under F.62 the ESA foresees employment-related group insurance (ESA 2010 5.179⁵⁵), which should refer to group life insurance but not retirement-related insurance.

Life ITRs of which accepted reinsurance (total)

The total for “Life ITRs of which accepted reinsurance” can be derived from the quarterly life and health SLT technical provisions template (S.12.01.02) as the sum of the following items:

1. technical provisions – total/accepted reinsurance, life other than health insurance including unit-linked (R0200/C0100);
2. technical provisions – total/health reinsurance (reinsurance accepted) (R0200/C0200).

Breakdowns by geographical location of counterparty

The geographical breakdown of life ITRs can be approximated using information available from the annual template S.12.02 (“Life and health SLT technical provisions – by country”) and quarterly template S.12.01.02 (“Life and health SLT

⁵⁵ ESA (2010). *Life insurance and annuity entitlements* (F.62), 5.179 “In the case of group insurance taken out by a corporation on behalf of its employees, the employees, but not the employer, are the beneficiaries since they are considered to be the policyholders”.

technical provisions”) when template S.12.02 is not reported. Template S.12.02 is not reported if all business is conducted domestically, in which case information from template S.12.01 (which is always reported) can be used.

While the information is recorded by location of risk, it is assumed to be a good proxy for the place of underwriting (i.e. the residency of the policyholder is required for statistical purposes).

There are, however, three issues relating to template S.12.02.

Issue 1. The information reported is subject to materiality thresholds as follows: the domestic counterparty is always reported, information reported by country must represent at least 90% of technical provisions as a whole and gross best estimate. The rest will be allocated to the other EEA or non-EEA segments. If a country falls within the materiality threshold for one particular line of business, it automatically falls within the threshold for other lines of business. It follows that the actual threshold will be higher than 90%.

Issue 2. The information reported refers to gross TP as a whole and gross BE. The risk margin and amount of the transitional on technical provisions are not covered.

Issue 3. The template is annual.

The following approach can be used for issue 1:

The **domestic counterparty** for “Total life ITRs” and “Life ITRs of which accepted reinsurance” can be derived from the quarterly template S.12.01.02 and annual template S.12.02 as follows:

1. for ICs that only carry out domestic business, the domestic counterparty for total life ITRs can be derived from the quarterly template S.12.01.02 as the sum of:
 - (a) technical provisions – total – total (life other than health insurance, incl. unit-linked) (S.12.01.02.R0200/C0150);
 - (b) technical provisions – total – total (health similar to life insurance) (S.12.01.02.R0200/C0210).

The domestic counterparty for accepted reinsurance can be derived as the sum of:

- (a) technical provisions – total – accepted reinsurance (S.12.01.02.R0200/C0100);
 - (b) technical provisions – total – health reinsurance (reinsurance accepted) (S.12.01.02.R0200/C0200).
2. for ICs that conduct business abroad, the domestic counterparty for total life ITRs can be derived from the annual template S.12.02 where the domestic counterparty is always reported (irrespective of threshold) as the sum of:

- (a) home country – total (life other than health insurance, incl. unit-linked) (S.12.02.R0010/C0020, C0030, C0060, C0090, C0100);
- (b) home country – total (health similar to life insurance) (S.12.02.R0010/C0160, C0190, C0200).

The domestic counterparty for accepted reinsurance can be derived as the sum of:

- (a) home country – accepted reinsurance (S.12.02.R0010/C0100);
- (b) home country – health reinsurance (reinsurance accepted) (S.12.02.R0010/C0200).

The location of **counterparties other than domestic** can be derived from the annual template S.12.02 in the following manner.

1. For countries falling within the materiality threshold and where country-by-country information is therefore reported (identified via cell C0010 which specifies the ISO code of the country concerned), the amounts can be allocated as appropriate (i.e. to individual countries when these are requested for ECB purposes, or to total rest of the world when a country breakdown is not requested).

For total life ITRs, information for a particular country is derived as the sum of:

- (a) countries in the materiality threshold – total (life other than health insurance, incl. unit-linked) (S.12.02.R0040/C0020, C0030, C0060, C0090, C0100);
- (b) countries in the materiality threshold – total (health similar to life insurance) (S.12.02.R0040/C0160, C0190, C0200).

For accepted reinsurance, information for a particular country is derived as the sum of:

- (a) countries in the materiality threshold – accepted reinsurance (S.12.02.R0040/C0100);
- (b) countries in the materiality threshold – health reinsurance (reinsurance accepted) (S.12.02.R0040/C0200).

2. Amounts for non-EEA countries outside the materiality threshold and therefore not reported by country can be allocated to total Rest of the world without further allocating to main counterparties outside the EU. While these amounts may include main counterparties outside the EU which should in principle be allocated to individual countries for ECB statistical purposes, this simplifying assumption is not expected to lead to major discrepancies.

For total life ITRs, the amounts to be allocated to total Rest of the world are derived as the sum of:

- (a) non-EEA countries outside the materiality threshold – not reported by country – total (life other than health insurance, incl. unit-linked) (S.12.02.R0030/C0020, C0030, C0060, C0090, C0100);
- (b) non-EEA countries outside the materiality threshold – not reported by country – total (health similar to life insurance) (S.12.02.R0030/C0160, C0190, C0200).

For accepted reinsurance, information for a particular country is derived as the sum of:

- (a) non-EEA countries outside the materiality threshold – not reported by country – accepted reinsurance (S.12.02.R0030/C0100);
- (b) non-EEA countries outside the materiality threshold – not reported by country – health reinsurance (reinsurance accepted) (S.12.02.R0030/C0200).

3. The amounts reported for EEA countries outside the materiality threshold and therefore not reported by country should, in principle, be allocated to the individual EU countries and to the Rest of the world (in the case of Iceland, Liechtenstein and Norway). This concerns the following amounts.

For total life ITRs, the amounts derived as the sum of:

- (a) EEA countries outside the materiality threshold - not reported by country – total (life other than health insurance, incl. unit-linked) (S.12.02.R0020/C0020, C0030, C0060, C0090, C0100);
- (b) EEA countries outside the materiality threshold - not reported by country – total (health similar to life insurance) (S.12.02.R0020/C0160, C0190, C0200).

For accepted reinsurance, the amounts derived as the sum of:

- (a) EEA countries outside the materiality threshold - not reported by country – accepted reinsurance (S.12.02.R0020/C0100);
- (b) EEA countries outside the materiality threshold - not reported by country – health reinsurance (reinsurance accepted) (S.12.02.R0020/C0200).

Information on the country allocation for EEA countries outside the materiality threshold can be derived from the annual template “Activity by country – by location of underwriting” (S.04.04) in conjunction with “Basic information – list of underwriting entities” (S.04.03). Template S.04.03 lists each head office and branch and their location of establishment. Head offices are identified by their LEI code, while branches get a unique code assigned. Template S.04.04

contains information on business underwritten (premiums written) through freedom to provide services (FPS) by head offices or branches by using S.04.04.R0020/C0030 (identified via cell R0010, which specifies the ISO code of the country concerned) or by branches in their country of establishment in individual EEA countries by using S.04.04.R0020/C0010. A ratio for each country of the EEA can thus be calculated and applied to non-material EEA countries.

For issue 2, the data can be grossed up by using the country proportions derived from S.12.01, S.12.02, S.04.03 and S.04.04 and applying them to the difference between total life ITRs (derived from the balance sheet template, S.02.01) and life ITRs calculated as gross TP as a whole and gross BE (derived from S.12.02). A similar approach can be followed for accepted reinsurance.

In regard to issue 3, quarterly data can be estimated by using the year-end ratios of the previous year.

6.6.5.3 Liabilities – life ITRs – derivation of transactions

In order to derive flow adjustments for life ITRs, information is required to break down changes in outstanding amounts between two periods into transaction-related changes and non-transaction-related changes.

A distinction needs to be made between unit-linked policies and non-unit linked policies.

In the case of **unit-linked ITRs**, two alternative approaches for deriving transactions/revaluation adjustments are possible. The first approach consists of deriving transactions using data available in the quarterly template S.05.01 and E.04.01, while the second approach consists of directly deriving revaluation adjustments based on data from the quarterly template S.06.02. NCBs should follow the approach that produces highest quality data.

In the case of **non-unit linked ITRs**, one approach (using information from template S.05.01 in line with the first approach for unit-linked ITRs) is put forward. The same approach can also be followed for “Life ITRs, of which accepted reinsurance”.

The common approach based on data available in template S.05.01 and E.04.01 and put forward for both unit-linked and non-unit linked ITRs, as well as accepted reinsurance, is based on the ESA definition of transactions in life insurance.

Under the ESA (paragraph 5.176), transactions in life insurance and annuity entitlements consist of additions less reductions.

The ESA (paragraph 5.177 and 5.178) provides the following definitions of additions and reductions.

Additions for the purposes of financial transactions are:

- (a) actual premiums earned during the current accounting period;
- (b) premium supplements, corresponding to the income from the investment of the entitlements attributed to the policyholders after deduction of service changes.

Reductions are:

- (a) amounts due to holders of endowment and similar insurance policies;
- (b) payments due on policies that are surrendered before maturity.

Transactions in life ITRs can be derived using information from quarterly template S.05.01 (“Premiums, claims and expenses by line of business”) and E.04.01 (“Investment revenues and expenses (attribution to policyholders)”). Revaluation adjustments are then derived by subtracting these estimated transactions (and possible reclassifications) from changes in outstanding amounts.

Transactions in life ITRs within one quarter can be derived applying the following general formula:

$$LifeITRs_trans_t = PE_flow_t + PS_flow_t - CI_flow_t - EI_flow_t \quad (\text{Formula 14})$$

where

$LifeITRs_trans_t$ = transactions for life ITRs between $t - 1$ and t

PE_flow_t = premiums earned between $t - 1$ and t

PS_flow_t = premium supplements between $t - 1$ and t

CI_flow_t = claims incurred between $t - 1$ and t

EI_flow_t = expenses incurred between $t - 1$ and t

Information on premiums earned (PE_flow_t), claims incurred (CI_flow_t) and expenses incurred (EI_flow_t) can be derived from the quarterly template S.05.01.02. The total amount of surrenders (to be included in the reductions in accordance with the ESA) is included under claims incurred.⁵⁶

Premium supplements are only collected for life business, as it is expected that non-life business with profit participation does not exist or is at least very small in size. Premium supplements for non-index and non-unit linked insurance contracts can be derived from the year-to-date figures: “investment revenues attributed to policyholders” (E.04.01.EC0020) minus “investment expenses attributed to policyholders” (E.04.01.EC0040). Furthermore, for index and unit-linked insurance

⁵⁶ As described in the ITS on supervisory reporting, the total amount of surrenders which occurred during the year (reported for life insurance in columns C0210 to C0280/row R2700) is also reported under claims incurred (item R1610).

contracts, premium supplements are calculated as E.04.01.EC0030 minus E.04.01.EC0050.

As stated in Annex II of Commission Implementing Regulation (EU) 2015/2450, template S.05.01.02 is reported quarterly on a year-to-date basis (i.e. the amounts recorded for different items in S.05.01.02 accumulate until the end of the financial year and are then set to zero). The premiums earned, claims incurred and expenses incurred within a quarter should therefore be derived as follows when the financial year ends at the end of the calendar year (i.e. 31 December):

(Formula 15)

For $t = Q1$ (when financial year ends on 31 December)

$$PE_flow_t = PE_t$$

$$CI_flow_t = CI_t$$

$$EI_flow_t = EI_t$$

$$PS_flow_t = IR_t - IE_t$$

For $t = Q2, Q3, Q4$ (when financial year ends on 31 December):

$$PE_flow_t = PE_t - PE_{t-1}$$

$$CI_flow_t = CI_t - CI_{t-1}$$

$$EI_flow_t = EI_t - EI_{t-1}$$

$$PS_flow_t = (IR_t - IR_{t-1}) - (IE_t - IE_{t-1})$$

PE_t = premiums earned recorded at time t

CI_t = claims incurred recorded at time t

EI_t = expenses incurred recorded at time t

IR_t = investment revenues attributed to policyholders recorded at time t

IE_t = investment expenses attributed to policyholders recorded at time t

The following two compilation issues should be highlighted when deriving transactions from template S.05.01 and E.04.01.

Issue 1. Financial year end other than 31 December

Not all ICs have financial year end at the end of the calendar year (i.e. 31 December). Some ICs have financial years ending at the end of March, June, September or even at other dates during the year. In these cases, the derivation of transactions cannot follow the approach put forward above. If, for example, an IC with financial year end at the end of September reports quarterly data for December, these data will refer to the first financial quarter (e.g. premiums earned for three months). For this IC, it is incorrect to calculate the flow variables as described above (e.g. $PE_flow_{Q4} = PE_{Q4} - PE_{Q3}$), since December is the first quarter of the financial year. The calculations must be adapted accordingly (e.g. $PE_flow_{Q4} = PE_{Q4}$).

Issue 2. ICs subject to derogations

ICs may be subject to derogations and only report template S.05.01 and E.04.01 on an annual basis. Since the data contained in this template are reported on a year-to-date basis, the annual template will include the information from year-end to year-end. The transactions from year-end to year-end can therefore be derived as $LifeITRs_trans_t = PE_t + (IR_t - IE_t) - CI_t - EI_t$.

Annual revaluation adjustments can then be derived as the difference between outstanding amounts and transactions. Quarterly estimates for revaluation adjustments can then be derived using an appropriate distribution method. For example, the development of quarterly outstanding amounts (if reported) could be used as a benchmark. Alternatively, the ratios of revaluations and outstanding amounts observed for non-derogated reporters of the same subsector could be used as approximations.

Unit-linked life ITRs

In the case of unit-linked life ITRs two alternative approaches can be used to derive adjustments.

Approach 1: transactions in unit-linked life ITRs derived from quarterly template S.05.01

Transactions in total unit-linked ITRs are derived directly using quarterly data on premiums, claims and expenses available from template S.05.01.02 and E.04.01. Revaluation adjustments are then derived by subtracting the estimated transactions (and potentially reclassification adjustments) from changes in outstanding amounts, i.e. $R_t = S_t - S_{t-1} - T_t - Rec_t$.

Transactions in total unit-linked ITRs between t-1 and t can be derived as follows from the quarterly template S.05.01.02 and E.04.01, when the financial year ends on 31 December:

For $t = Q1$:

$$LifeITRs_trans_UL_t = PE_UL_t + (IR_UL_t - IE_UL_t) - CI_UL_t - EI_UL_t$$

For $t = Q2, Q3$ and $Q4$:

$$LifeITRs_trans_UL_t = [PE_UL_t - PE_UL_{t-1}] + [(IR_UL_t - IR_UL_{t-1}) - (IE_UL_t - IE_UL_{t-1})] - [CI_UL_t - CI_UL_{t-1}] - [EI_UL_t - EI_UL_{t-1}]$$

where

PE_UL_t = premiums earned, gross, index-linked and unit-linked insurance (S.05.01.02.R1510/C0230)

IR_UL_t = index-linked and unit-linked insurance investment revenues attributed to policyholders (E.04.01.16.EC0030)

IE_UL_t = index-linked and unit-linked insurance investment expenses attributed to policyholders (E.04.01.16.EC0050)

CI_UL_t = claims incurred, gross, index-linked and unit-linked insurance (S.05.01.02.R1610/C0230)

EI_UL_t = expenses incurred, gross, index-linked and unit-linked insurance (S.05.01.02.R1900/C0230)

Approach 2: revaluation adjustments for unit-linked life ITRs derived from quarterly template S.06.02

For unit-linked products, where the investment risk is borne by policyholders, changes in the value of assets underlying the insurance policy are fully reflected on the liability side of the balance sheet as valuation changes in unit-linked ITRs, i.e. under “Technical provisions – index-linked and unit-linked” (SE.02.01.R0690). This is similar to investment funds where valuation changes in assets feed into valuation changes in investment fund shares issued on the liability side.

For unit-linked ITRs, valuation changes can therefore be calculated from the asset side of the balance sheet by identifying assets held for unit-linked policies and calculating their changes in market value. Assets held for unit-linked policies are identified using the information available in the list of assets template (“Asset held in unit-linked and index-linked contracts”, SE.06.02.C0090). Revaluation adjustments can thus be derived as for assets (however, they are only derived for assets held in unit-linked and index-linked contracts) and adding them together.

In principle, the assets held for unit-linked policies (derived from the list of assets template) should be equivalent to the unit-linked ITRs (derived from the balance

sheet template). However, equivalence is only ensured if ITRs are calculated as a whole, not in the case of best estimates and risk margins. Furthermore, there may be differences due to the timing of recording. While actuarial/modelling assumptions may have an effect on changes in unit-linked ITRs, this can be assumed to be negligible compared to revaluation adjustments due to assets held.

It follows that in the case of unit-linked life ITRs, revaluation adjustments can be approximated through valuation changes derived from the list of assets template.

Non-unit-linked life ITRs

Transactions in total non-unit-linked ITRs are derived directly using quarterly data on premiums, claims and expenses from template S.05.01.02 and investment revenues and expenses attributed to policyholders from E.04.01. Revaluation adjustments are then derived by subtracting the estimated transactions (and possibly reclassification adjustments) from changes in outstanding amounts, i.e. $R_t = S_t - S_{t-1} - T_t - Rec_t$.

Transactions in total non-unit-linked ITRs between t-1 and t can be derived as follows from the quarterly template S.05.01.02 and E.04.01, when the financial year ends at the end of the calendar year (i.e. 31 December):

(Formula 17)

For $t = Q1$:

$$LifeITRs_{trans_NUL_t} = PE_NUL_t + IR_NUL_t - IE_NUL_t - CI_NUL_t - EI_NUL_t$$

For $t = Q2, Q3$ and $Q4$:

$$[PE_NUL_t - PE_NUL_{t-1}] + [IR_NUL_t - IR_NUL_{t-1}] - [IE_NUL_t - IE_NUL_{t-1}] - [CI_NUL_t - CI_NUL_{t-1}] - [EI_NUL_t - EI_NUL_{t-1}]$$

where

PE_NUL_t = premiums earned, “gross, total” minus “gross, index-linked and unit-linked insurance” (S.05.01.02.R1510/C0300 – S.05.01.02.R1510/C0230)

$IR_NUL_t - IE_NUL_t$ = premium supplements,

where

IR_NUL_t are non-index-linked and unit-linked insurance investment revenues attributed to policyholders (E.04.01.16.EC0020) and

IE_NUL_t = non-index-linked and non-unit-linked insurance investment expenses attributed to policyholders (E.04.01.16.EC0040)

CI_NUL_t = claims incurred, “gross, total” minus “gross, index-linked and unit-linked insurance” (S.05.01.02.R1610/C0300 - S.05.01.02.R1610/C0230)

EI_NUL_t = expenses incurred, “gross, total” minus “gross, index-linked and unit-linked insurance” (S.05.01.02.R1900/C0300 - S.05.01.02.R1900/C0230)

Life ITRs of which accepted reinsurance (total)

Transactions in “Life ITRs of which accepted reinsurance” are derived directly using quarterly data on premiums, claims and expenses from template S.05.01.02.

Premium supplements that are part of accepted reinsurance are not collected but could be estimated by calculating the accepted reinsurance to total ratio as reported in S.05.01.02. Revaluation adjustments are then derived by subtracting the estimated transactions (and possibly reclassification adjustments) from changes in outstanding amounts, i.e. $R_t = S_t - S_{t-1} - T_t - Rec_t$.

Transactions in “Total life ITRs of which accepted reinsurance” between t-1 and t can be derived as follows from the quarterly template S.05.01.02, when the financial year ends at the end of the calendar year (i.e. 31 December):

(Formula 18)

For $t = Q1$:

$$LifeITRs_AR_trans_t = PE_AR_t - CI_AR_t - EI_AR_t + PS_AR_t$$

For $t = Q2, Q3$ and $Q4$:

$$PE_AR_t - PE_AR_{t-1} - [CI_AR_t - CI_AR_{t-1}] - [EI_AR_t - EI_AR_{t-1}] + PS_AR_t$$

where

PE_AR_t = premiums earned, “gross, health reinsurance” plus “gross, life reinsurance” (S.05.01.02.R1510/C0270 + S.05.01.02.R1510/C0280)

CI_AR_t = claims incurred, “gross, health reinsurance” plus “gross, life reinsurance” (S.05.01.02.R1610/C0270 + S.05.01.02.R1610/C0280)

EI_AR_t = expenses incurred, “gross, health reinsurance” plus “gross, life reinsurance” (S.05.01.02.R1900/C0270 + S.05.01.02.R1900/C0280)

PS_AR_t = total premium supplements flow PS_flow_t (as defined in 6.6.5.3) * accepted reinsurance (S.12.01.R0200/C0100 + S.12.01.R0200/C0200) / total life ITRs (SE.02.01. R0610 + SE.02.01. R0650 + SE.02.01. R0690)

Life ITRs of which pension entitlements

Similar to the distinction between unit-linked and non-unit-linked ITRs, for pension entitlements a distinction is made between defined contribution schemes, defined benefit schemes and hybrid schemes.

Defined contribution schemes

For defined contribution schemes, all investment risk is borne by the policyholder, i.e. income on retirement will depend on the performance of the assets related to these reserves. Transactions in defined contribution schemes could therefore, in principle, be derived following an approach similar to Approach 2 for unit-linked life insurance. However, the necessary information is not available to earmark the assets underlying these particular schemes.

Defined benefit schemes

For defined benefit schemes, the amount on retirement is computed according to a formula and the investment risk is borne by the IC. Transactions in defined benefit schemes resemble non-unit-linked life insurance transactions where revaluation adjustments can be assumed to be negligible. However, no information on the change in actuarial/modelling assumptions is available.

Hybrid schemes

In the case of hybrid schemes it is very difficult to pinpoint the percentage relating to defined contribution schemes and defined benefit schemes. Furthermore, no information on the change in actuarial/modelling assumptions is available.

Given the national specificities involved, the derivation of transactions for pension entitlements should be addressed at national level between NCBs and ICs.

6.6.6 Liabilities – non-life ITRs

6.6.6.1 Liabilities – non-life ITRs – ECB reporting requirements for NCBs and relevant Solvency II templates

A level 3 geographical breakdown (i.e. EU country-by-country information, total Rest of the world and main counterparties outside the EU on a country-by-country basis) is required for non-life ITRs, further broken down by lines of business. Twelve lines of direct business and total reinsurance (i.e. reinsurance of all types of non-life business) are separately identified.

Line of business 1:	Medical expense insurance
Line of business 2:	Income protection insurance
Line of business 3:	Workers' compensation insurance
Line of business 4:	Motor vehicle liability insurance

Line of business 5:	Other motor insurance
Line of business 6:	Marine, aviation and transport insurance
Line of business 7:	Fire and other damage to property insurance
Line of business 8:	General liability insurance
Line of business 9:	Credit and suretyship insurance
Line of business 10:	Legal expenses insurance
Line of business 11:	Assistance
Line of business 12:	Miscellaneous financial loss
Line of business 13:	Reinsurance

These requirements can be derived by using information reported in the following templates.

- Balance sheet (SE.02.01)
- Non-life technical provisions (S.17.01.01/annual and SE.17.01.17/quarterly)
- Non-life technical provisions – by country (S.17.03)
- Basic information – list of underwriting entities (S.04.03)
- Activity by country – by risk of underwriting (S.04.04)

6.6.6.2 Liabilities – non-life ITRs – derivation of outstanding amounts

Non-life ITRs (further broken down by line of business)

Total non-life ITRs can be derived from the item “Technical provisions – non-life” (SE.02.01.R0510) in the balance sheet template.

For non-life ITRs broken down by lines of business, quarterly template SE.17.01.17 provides information on technical provisions broken down by line of business. Technical provisions – total (SE.17.01.17.R0320) are available for all lines of business required for ECB purposes (columns C0020 to C0130), where columns C0020 to C0130 refer to the following lines of business:

C0020: Medical expense insurance

C0030: Income protection insurance

C0040: Workers' compensation insurance

C0050: Motor vehicle liability insurance

C0060: Other motor insurance

C0070: Marine, aviation and transport insurance

C0080: Fire and other damage to property insurance

C0090: General liability insurance

C0100: Credit and suretyship insurance

C0110: Legal expenses insurance

C0120: Assistance

C0130: Miscellaneous financial loss

Columns C0140, C0150, C0160 and C0170 refer to accepted non-proportional reinsurance and the following data should therefore be allocated to ECB line of business 13, "Reinsurance":

1. technical provisions - total – accepted non-proportional reinsurance – non-proportional health reinsurance (SE.17.01.17.R0320/C0140);
2. technical provisions – total – accepted non-proportional reinsurance - non-proportional casualty reinsurance (SE.17.01.17.R0320/C0150);
3. technical provisions – total – accepted non-proportional reinsurance - non-proportional marine, aviation and transport reinsurance (SE.17.01.17.R0320/C0160);
4. technical provisions – total – accepted non-proportional reinsurance - non-proportional property reinsurance (SE.17.01.17.R0320/C0170).

Accepted proportional reinsurance should also be allocated to the line of business "reinsurance" for ECB purposes. However, in the quarterly template (SE.17.01.17), accepted proportional reinsurance is reported together with direct business. In order to extract the accepted proportional reinsurance part, information from the annual template S.17.03.01 can be used if cross-border business exists.

For each of the 12 lines of business (columns C0020 to C0130), the annual template (S.17.03.01) provides separate information for direct business and accepted proportional reinsurance.

For each line of business, a proxy for technical provisions relating to direct business can be derived as the sum of the following items:

1. direct business – home country (S.17.03.01.R0010);
2. direct business – EEA countries outside the materiality threshold – not reported by country (S.17.03.01.R0020);

3. direct business – non-EEA countries outside the materiality threshold – not reported by country (S.17.03.01.R0030);
4. countries inside the materiality threshold – (S.17.03.01.R0100 where Z0010 = “1 – insurance”, sum of all countries).

Similarly, for each line of business, a proxy for technical provisions relating to accepted proportional reinsurance can be derived as the sum of the following items:

1. accepted proportional reinsurance – home country (S.17.03.01.R0041);
2. accepted proportional reinsurance – EEA countries outside the materiality threshold – not reported by country (S.17.03.01.R0050);
3. accepted proportional reinsurance – non-EEA countries outside the materiality threshold – not reported by country (S.17.03.01.R0060);
4. countries inside the materiality threshold – (S.17.03.01.R0100 where Z0010 = “2 – accepted proportional reinsurance”, sum of all countries).

If no cross-border business exists and SE.17.03 is not reported, S.17.01.01 can be used.

For each of the 12 lines of business (columns C0020 to C0130), the annual template (S.17.01.01) provides separate information for direct business and accepted proportional reinsurance.

For each line of business a proxy for technical provisions relating to direct business can be derived as the sum of the following items:

1. technical provisions calculated as a whole - direct business (S.17.01.01.R0020);
2. best estimate – premiums provisions – gross - direct business (S.17.01.01.R0070);
3. best estimate – claims provisions – gross - direct business (S.17.01.01.R0170).

Similarly, for each line of business, a proxy for technical provisions relating to accepted proportional reinsurance can be derived as the sum of the following items:

1. technical provisions calculated as a whole – accepted proportional reinsurance business (S.17.01.01.R0030);
2. best estimate – premiums provisions – gross - accepted proportional reinsurance business (S.17.01.01.R0080);
3. best estimate – claims provisions – gross - accepted proportional reinsurance business (S.17.01.01.R0180).

While the annual information does not provide separate information on direct business and accepted reinsurance for total technical provisions (i.e. risk margin and

amount of the transitional on technical provisions are not covered),⁵⁷ it allows the ratios of accepted proportional reinsurance in direct business and accepted proportional reinsurance to be estimated for each line of business. These annual estimated ratios can be used to separate out accepted proportional reinsurance from the quarterly data and allocate the amounts to the line of business “Reinsurance”.

Note that reinsurance corporations can only carry out reinsurance business. It follows that for reinsurance corporations only line of business 13 will contain data.

Breakdown by geographical location of counterparty (further broken down by line of business)

For ICs that have business abroad, the geographical breakdown of non-life ITRs by lines of business 1 to 12 can be approximated from the annual template S.17.03 (“Non-life technical provisions – by country”).

ICs that only have domestic business do not report template S.17.03. In this case total non-life ITRs broken down by line of business can be derived from the quarterly template SE.17.01 or annual template SE.17.01 as described above and allocated to the domestic counterparty.

Residency by line of business is reported as follows:

- **location of risk** in the case of medical expense insurance, income protection insurance, worker’s compensation insurance, fire and other damage to property insurance, credit and suretyship insurance;
- **country of underwriting** for motor vehicle liability insurance, other motor insurance, marine, aviation and transport insurance, general liability insurance, legal expenses insurance, assistance and miscellaneous financial loss.

Location of risk should coincide with the residency of the policyholder in cases where the risk is associated directly with the policyholder (medical expense, income protection, worker’s compensation and credit and suretyship). For fire and other damage to property, the risk may also lie in a different country to where the policyholder is resident. However, these cases can be assumed to be a minority.

Country of underwriting should generally be a good proxy for the residency of the policyholder, as it can be assumed that insurance contracts are usually underwritten in the country where the policyholder is resident.

⁵⁷ Total technical provisions are the sum of technical provisions calculated as a whole, total best estimate – gross, risk margin and amount of the transitional on technical provisions (EIOPA validation BV522_1). Total best estimate – gross corresponds to the sum of premium provisions - gross and claim provisions – gross (EIOPA validation BV839).

When deriving the geographical breakdown for non-life ITRs by line of business where ICs have business abroad, there are three issues to consider with regard to template S.17.03.

Issue 1: The information reported is subject to materiality thresholds as follows: the domestic counterparty is always reported, information reported by country must account for at least 90% of technical provisions as a whole and gross best estimate. The rest is allocated to the other EEA or non-EEA segments. If a country falls within the materiality threshold for one particular line of business, it is automatically assigned to the threshold for other lines of business. It follows that the actual threshold will be higher.

Issue 2: A split into direct insurance and accepted proportional reinsurance for the risk margin and amount of the transitional on technical provisions is not available.

Issue 3: The template is annual.

The **domestic counterparty** for non-life ITRs broken down by lines of business can be derived from template S.17.03. Lines of business 1 to 12 through cells relating to direct business (S.17.03.R0010/C0020 to C0130) and line of business 13 can be derived by adding all cells relating to proportional reinsurance (S.17.03.R0041/C0020 to C0130) and non-proportional reinsurance (S.17.03.R0070/C0140 to C0170).

The location of **counterparties other than domestic** can be derived from the annual template S.17.03 as described below.

- For countries falling within the materiality threshold and where country-by-country information is therefore reported, the amounts can be allocated as appropriate, i.e. to individual countries when these are requested for ECB purposes, or to total Rest of the world when a country breakdown is not requested. For lines of business 1 to 12, the country-by-country direct business is reported under S.17.03.R0100/[C0020 to C0130] where the business type is Z0010 = "1 – Insurance". For line of business 13, accepted proportional reinsurance is reported under proportional reinsurance (S.17.03.R0100/C0020 to C0130) where the business type is Z0010 = "2 – accepted proportional reinsurance" and non-proportional reinsurance (S.17.03.R0110/C0140 to C0170). Cell C0010 (in S.17.03) identifies the ISO code of the counterparty country the data refer to.
- To simplify (even though this is not the perfect solution where non-EEA includes main counterparties outside the EU, which should in principle be allocated to the individual countries), the total non-EEA countries outside the materiality threshold not reported by country can be allocated to total Rest of the world with no further allocation to main counterparties outside the EU. This refers to cells S.17.03.R0030/[C0020 to C0130] for lines of business 1 to 12, and to S.17.03.R0060/C0020 to C0130 (proportional reinsurance) and S.17.03.R0090/C0140 to C0170 (non-proportional reinsurance) for line of business 13.

- The amounts reported under EEA countries outside the materiality threshold should in principle be allocated to the individual EU countries and to the rest of the world (in the case of Iceland, Liechtenstein and Norway). This refers to cells S.17.03.R0020/[C0020 to C0130] for lines of business 1 to 12, while for line of business 13 it refers to cells S.17.03.R0050/C0020 to C0130 for proportional reinsurance, and cells S.17.03.-R0080/C0140 to C0170 for non-proportional reinsurance. For this purpose, information (proportions) derived from the annual templates S.04.03 “Basic information – list of underwriting entities” and “Activity by country – by location of underwriting” (S.04.04) can be used. Template S.04.03 lists each head office and branch and their location of establishment. Head offices are identified by their LEI code, while branches are assigned a unique code. Template S.04.04.R0020/C0010, read in conjunction with S.04.03.C0040, shows the total amount of business underwritten (premiums written) in the country of establishment for head offices and branches by line of business. S.04.04.R0020/C0030 shows the total business written through the FPS regime in each EEA country (information can be found in S.04.04.R0010). A ratio for each country of the EEA can thus be calculated and applied to non-material EEA countries.

In regard to issue 2, the proportions of direct insurance (S.17.01. R0020 + S.17.01.R0070 + S.17.01.R0170) and accepted reinsurance (S.17.01.R0030 + S.17.01.R0080 + S.17.01.R0180) of available components of total TP (TP as a whole, premium provisions, claims provisions) can be applied to the remaining difference between total non-life technical provisions per line of business.

For issue 3, quarterly data can be estimated by using the year-end ratios.

6.6.6.3 Liabilities – non-life ITRs – derivation of transactions⁵⁸

Outstanding amounts of non-life technical provisions are the sum of gross claims provisions BE, gross premiums provisions BE, risk margin, technical provisions calculated as a whole and the amount of the transitional on technical provisions.⁵⁹ Claims provisions relate to the outstanding amount for claims incurred before the valuation date, while premium provisions relate to claims incurred after the valuation date.

Non-life technical provisions are expected to mainly consist of the claims provisions BE. The changes in stocks of claims provisions are split into financial transactions and revaluation adjustments as listed below.

Transactions for claims provisions consist of:

⁵⁸ This section includes the current guidance on the derivation of transactions for non-life ITRs. In order to increase the quality of the derived information, the possibility of collecting additional items is currently being reviewed.

⁵⁹ Based on validation rules BV522_1, BV839 (template S.17.01) and BV718.

- new claims provisions in t for Q1 and the difference between t-1 and t for Q2 to Q4 (SE.17.01.ER0161); minus
- gross claims paid for claims incurred before the current financial year in t for Q1 and the difference between t-1 and t for Q2 to Q4 (SE.17.01.ER0421); minus
- gross claims paid for claims incurred in the current financial year in t for Q1 and the difference between t-1 and t for Q2 to Q4 (SE.17.01.ER0422), when the financial year concludes at the end of the calendar year (i.e. 31 December), under the assumption that transactions for other components of non-life ITRs are zero.

Table 24

Change in claims provisions	Cells in SE.17.01	Transaction or non-transaction
Claims provisions BE in reporting period t-1 (in Q1=0)		
+ Claims provisions due to claims events that occurred during the current financial year, reported in t (new claims events)	ER0161	Transaction
+ Change in claims provisions that occurred before the current financial year (excl. claims paid) =		Non-transaction
+ Claims provisions due to claims events that occurred before the current financial year, reported in t-1 (old claims events in t-1)	Not reported	
- Claims provisions due to claims events that occurred before the current financial year, reported in t (old claims events in t)	Not reported	
+ Gross claims paid in the current financial year relating to claims incurred before the current financial year (claims paid)	ER0421	
+ Gross claims paid in the current financial year relating to claims incurred in the current financial year (claims paid)	ER0422	
- Gross claims paid in the current financial year relating to claims incurred before the current financial year (claims paid)	ER0421	Transaction
- Gross claims paid in the current financial year relating to claims incurred in the current financial year (claims paid)	ER0422	Transaction
= Claims provisions BE in reporting period t		

Total transactions are calculated as shown in Formula 19.

(Formula 19)

For $t = Q1$:

$$Non - LifeITRs_trans_t = [PP_t - PP_{t-1}] + [TPW_t - TPW_{t-1}] - TR + CPro_t - CPaid_t$$

For $t = Q2, Q3$ and $Q4$:

$$\begin{aligned} Non - LifeITRs_trans_t \\ = [PP_t - PP_{t-1}] + [TPW_t - TPW_{t-1}] - TR + [CPro_t - CPro_{t-1}] \\ - [CPaid_t - CPaid_{t-1}] \end{aligned}$$

where

PP_t = gross premiums, written BE in t (SE.17.01.R0060);

TPW_t = technical provisions calculated as a whole in t (SE.17.01.R0010);

TR = transitional in t (S.17.01.R0290 + S.17.01.R0300 + S.17.01.R0310) of the previous year divided by the remaining years' transitionals, divided by four (calculation further described in issue 4 below);

$CPro_t$ = gross discounted BE claims provisions for claims events that occurred during the current financial year, reported in t (SE.17.01.ER0161);

$CPaid_t$ = gross claims paid in the current financial year relating to claims incurred before the current financial year reported in t (SE.17.01.ER0421) and incurred in the current financial year reported in t (SE.17.01.ER0422).

Claims provisions reported in the current financial year are related to new business and are recorded as a positive transaction. Changes in claims provisions related to claims events that occurred before the current financial year are considered revaluation adjustments, except for claims paid, which are considered transactions.

Issue 1: Financial year-end other than 31 December

Not all ICs have their financial year-end on 31 December. Some ICs have financial years ending at the end of March, June, September or even at other dates during the year. In these cases, the derivation of transactions cannot follow the approach put forward above. If, for example, an IC with a financial year-end at the end of September reports quarterly data for December, these data will refer to the first financial quarter (e.g. claims provisions for three months). For this IC, it is incorrect to calculate the flow variables as described above (e.g. $CPro_{Q4} = CPro_{Q4} - CPro_{Q3}$) because December is in the first quarter of the financial year. The calculations must be adapted accordingly (e.g. $CPro_{Q4} = CPro_{Q4}$).

Issue 2: ICs subject to derogations

ICs may be subject to derogations and not report SE.17.01. For these ICs, annual template S.19.01 can be used instead.

Claims incurred in the past accident/underwriting year N are reported in S.19.01.R0250/C0360. Changes in claims provisions BE due to claims incurred between N-1 and N are considered transactions and are equivalent to "new claims events" as defined in Table 24. Claims paid as defined in Table 24 can be calculated by adding up the claims paid relating to all years excluding N (R0100 to R0240, C0170) reported in S.19.01.01.02.

The transaction calculation can be undertaken as described in Formula 19, with the following difference:

$CPro_t$ = claims incurred in the past accident/underwriting year N
(S.19.01.R0250/C0360);

$CPaid_t$ = claims paid (sum[S.19.01.01.R0100 – R0240/C0170]);

and by taking the S.17.01 equivalents for the other parts of Formula 19.

Template S.19.01 is only available on an annual basis and only a proxy for total transactions can be derived. Estimations need to be derived for the required breakdowns by applying the percentage ratios observed in the outstanding amounts, while the annual amounts need to be allocated to the quarters.

Issue 3: No country split available

The breakdown by geographical location is not available for transactions. The percentage ratios of outstanding amounts of each line of business can be applied to the corresponding transaction.

Issue 4: Transitionals only reported annually

Transitionals are only available in annual template S.17.01. Transitionals smooth the transition from Solvency I to Solvency II (Solvency II increased technical provisions). Insurance corporations have 16 years (since 2016) to fully comply with Solvency II requirements. New transitionals are not very common and transitionals are expected to decrease linearly. Thus, to calculate quarterly transactions, the outstanding

amount of the past year can be divided by the number of remaining years. The remaining years for each reporting period can be found in Table 25 below.

Table 25

Reporting period	Years remaining
2022	10
2023	9
2024	8
2025	7
2026	6
2027	5
2028	4
2029	3
2030	2
2031	1

For example, the transitional reported in 2022 shall be divided by 10 and split into quarters Total change in transitionals should be considered as transaction.

6.6.7 Liabilities – financial derivatives

6.6.7.1 Liabilities – financial derivatives – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements for financial derivatives consist of total financial derivatives with no further breakdown.

These requirements can be derived from the balance sheet template (SE.02.01).

Financial derivatives can be derived from the balance sheet and open derivatives templates as follows:

1. derivatives/neither unit-linked nor index-linked from the balance sheet template (SE.02.01.R0790);
2. plus Solvency II values in the open derivatives template (S.08.01.C0240) for all derivatives held in unit-linked or index-linked contracts (i.e. C0080 = 1) that are reported with a negative value.
3. Further details regarding the reporting of financial derivatives in templates SE.02.01 and S.08.01 are provided in the section on “Assets - financial derivatives”.

6.6.7.2 Liabilities – financial derivatives – derivation of outstanding amounts

Financial derivatives can be derived from the balance sheet template item “Liabilities – derivatives” (SE.02.01.R0790/C0010).

6.6.7.3 Liabilities – financial derivatives – derivation of transactions

There is currently no guidance on the derivation of transactions for financial derivatives. This issue is under review. Until guidance is provided, NCBs will derive information on revaluation adjustments for financial derivatives to be transmitted to the ECB based on national experience.

6.6.8 Liabilities – remaining liabilities

6.6.8.1 Liabilities – remaining liabilities – ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements for remaining liabilities consist of total remaining liabilities with no further breakdown.

These requirements can be derived from the balance sheet template (SE.02.01) and the own funds template (S.23.01).

6.6.8.2 Liabilities – remaining liabilities – derivation of outstanding amounts

Remaining liabilities can be derived from the balance sheet template as the sum of the following items:

1. contingent liabilities (R0740);
2. provisions other than technical provisions (R0750);
3. pension benefit obligations (R0760);
4. deferred tax liabilities (R0780);
5. insurance and intermediaries payable (R0820);
6. reinsurance payables (R0830);
7. payables, trade, not insurance (R0840);
8. any other liabilities, not elsewhere shown (R0880);

9. the difference between “assets, excluding own shares held directly (R0390)” and “liabilities” + “equity (derived from own funds)” when the former (“assets, excluding own shares held directly”) is larger than the latter (“liabilities + equity (derived from own funds)”).

6.6.8.3 Liabilities – remaining liabilities – derivation of transactions

Remaining liabilities cover miscellaneous items. As the calculation of valuation changes for such a generic item is problematic, if at all possible, transactions in remaining liabilities should be derived as the difference in outstanding amounts, and when known and relevant, adjusted for other factors which may be important for the given period.

6.7 Derivation of annual ECB requirements

6.7.1 ECB reporting requirements for NCBs and relevant Solvency II templates

The reporting requirements consist of premiums written, claims incurred and acquisition expenses, separately identifying business underwritten by insurance corporations:

1. in the home country (including freedom to provide service and business outside the EEA undertaken directly abroad by the domestic entity);
2. in EEA countries on a country-by-country basis (via branches, including freedom to provide service through branches); and
3. outside the EEA – total (via branches), business underwritten by UK branches is separately identified.

These requirements can be derived from the annual templates “Premiums, claims and expenses by line of business” (S.05.01) and “Activity by country – by location of underwriting” (S.04.04), used in conjunction with “Basic information – list of underwriting entities” (S.04.03).

6.7.2 Derivation of aggregates

Total business underwritten, separately identifying premiums, claims and acquisition expenses

The total business underwritten by an insurance corporation (1, 2 and 3 in Section 6.7.1 above) can be derived from the annual template S.05.01. The total business

underwritten is derived as the sum of business underwritten for non-life insurance and reinsurance obligations (column C0200) and business underwritten for life insurance obligations (column C0300).

Total premiums written are derived as the sum of:

1. premiums written – gross - direct business - total (S.05.01.R0110/C0200);
2. premiums written – proportional reinsurance accepted - total (S.05.01.R0120/C0200);
3. premiums written – non-proportional reinsurance accepted - total (S.05.01.R0130/C0200);
4. premiums written – gross - total (S.05.01.R1410/C0300).

Total claims incurred are derived as the sum of:

1. claims incurred – gross - direct business- total (S.05.01.R0310/C0200);
2. claims incurred – proportional reinsurance accepted - total (S.05.01.R0320/C0200);
3. claims incurred – non-proportional reinsurance accepted - total (S.05.01.R0330/C0200);
4. claims incurred – gross – total (S.05.01.R1610/C0300).

Total acquisition expenses are derived as the sum of:

1. acquisition expenses – gross - direct business - total (S.05.01.R0910/C0200);
2. acquisition expenses – gross - proportional reinsurance accepted - total (S.05.01.R0920/C0200);
3. acquisition expenses – gross – non-proportional reinsurance accepted - total (S.05.01.R0930/C0200);
4. acquisition expenses – gross - total (S.05.01.R2210/C0300).

Breakdown by geographical location of the counterparty

If cross-border business exists, S.04.03 and S.04.04 are reported.

Template S.04.03 distinguishes head office and branches (C0020) with unique identifiers (C0010), specifies their country of establishment (C0040) and specifies whether they are EEA or non-EEA branches (C0030). The unique identifier is then used in template S.04.04 to match the information on the entity provided in S.04.03, with premiums written, claims incurred and acquisition expenses in S.04.04. For each head office and branch, also cross-border business undertaken through the FPS regime is reported per country of the location of risk/underwriting in S.04.04.

Business underwritten in the home country

The business underwritten in the home country (1 in Section 6.7.1 above) can be derived by subtracting the total business underwritten via branches abroad (2 and 3 in Section 6.7.1, derived from template S.04.03 in conjunction with S.04.04) from the total business underwritten (derived from template S.05.01, see above).

Alternatively, if cross-border business exists, business underwritten in the home country can be derived directly from S.04.04 by cells relating to the head office, thus where S.04.04.Z0020 equals the LEI of the head office:

Premiums written:

1. premiums written – total business underwritten by the head office in the country of establishment (S.04.04.R0020/C0010);
2. premiums written – total business underwritten through the FPS regime by the head office (S.04.04.R0020/C0020).

Claims incurred:

1. claims incurred – total business underwritten by the head office in the country of establishment (S.04.04.R0030/C0010);
2. claims incurred – total business underwritten through the FPS regime by the head office (S.04.04.R0030/C0020).

Acquisition expenses:

1. acquisition expenses – total business underwritten by the head office in the country of establishment (S.04.04.R0040/C0010);
2. acquisition expenses – total business underwritten through the FPS regime by the head office (S.04.04.R0040/C0020).

Business underwritten by EEA branches (country-by-country information)

EEA branches are identified in S.04.03.C0030 as “1 – EEA branch”. The underwriting entity code for each EEA branch in S.04.03 can be matched with the underwriting entity code of S.04.04.Z0020.

The branches’ countries of establishment are specified in S.04.03.C0040.

Premiums written by EEA branches for a specific country can be derived as the sum of:

1. premiums written – business underwritten in the country of establishment (S.04.04.R0020/C0010);

2. premiums written – business underwritten through the FPS regime in a different country from the country of establishment (S.04.04.R0020/C0020).

Claims incurred by EEA branches for a specific country can be derived as the sum of:

1. claims incurred – business underwritten in the country of establishment (S.04.04.R0030/C0010);
2. claims incurred – business underwritten through the FPS regime in a different country from the country of establishment (S.04.04.R0030/C0020).

Acquisition expenses by EEA branches for a specific country can be derived as the sum of:

1. acquisition expenses – business underwritten in the country of establishment (S.04.04.R0040/C0010);
2. acquisition expenses – business underwritten through the FPS regime in a different country from the country of establishment (S.04.04.R0040/C0020).

Business underwritten by non-EEA branches (total)

The business underwritten by non-EEA branches (3 in Section 6.7.1 above) can be derived from templates S.04.03 S.04.04. Non-EEA branches are identified in S.04.03.C0030 as “2 – non-EEA branch”. The underwriting entity code for all EEA branches in S.04.03 can be matched with the underwriting entity code of S.04.04.Z0020.

Premiums written by non-EEA branches can be derived as the sum of:

1. premiums written – business underwritten in the country of establishment (S.04.04.R0020/C0010);
2. premiums written – business underwritten through the FPS regime in a different country from the country of establishment (S.04.04.R0020/C0020).

Claims incurred by non-EEA branches can be derived as the sum of:

1. claims incurred – business underwritten in the country of establishment (S.04.04.R0030/C0010);
2. claims incurred – business underwritten through the FPS regime in a different country from the country of establishment (S.04.04.R0030/C0020).

Acquisition expenses by EEA branches for a specific country can be derived as the sum of:

1. acquisition expenses – business underwritten in the country of establishment (S.04.04.R0040/C0010);

2. acquisition expenses – business underwritten through the FPS regime in a different country from the country of establishment (S.04.04.R0040/C0020).

7 Reclassification adjustments

7.1 Overview

Reclassification adjustments are any changes in the balance sheet of the IC sector that arise as a result of changes in the reporting population, corporate restructuring, reclassification of counterparties and assets and liabilities, the (partial) correction of reporting errors and the introduction of new statistical concepts or definitions. All of these events give rise to breaks in the series and hence affect the comparability of successive end-of-period outstanding amounts.

In accordance with the non-bank Guideline, NCBs compile data on reclassification adjustments using supervisory information, plausibility checks, ad hoc enquiries (e.g. related to outliers), information on joiners and leavers of the reporting population and any other sources available to them (including other national statistical requirements), and report them to the ECB. Annex II to the non-bank Guideline contains specific guidance on the treatment of certain types of reclassifications. In principle, as a minimum, NCBs send information on all reclassification adjustments exceeding EUR 50 million. Where developments give rise to reclassification adjustments across national borders, NCBs may need to collaborate to ensure consistent treatment throughout the euro area.

This chapter further describes and discusses the compilation principles for different types of reclassifications.

7.2 Reclassifications stemming from changes in the composition or structure of the reporting sector

This chapter summarises changes in the IC reporting sector which should be recorded as reclassification adjustments. The guidance is based on paragraphs 6.17 – 6.20 of the ESA 2010 and Annex II to the non-bank Guideline ECB/2021/12 and covers reclassifications due to joiners and leavers of the IC reporting sector as well as reclassifications resulting from corporate restructurings. To ensure that statistics work reliably, it is essential that joiners, leavers and corporate restructuring events such as mergers, acquisitions, divisions as well as transfers (intra-group financial transactions) are consistently recorded across statistical datasets.

When assessing the need for a reclassification adjustment, the affected reporting period and/or the amount of the reclassification adjustment, the following principles apply.

1. Reclassifications should be recorded when a flow is most likely not prompted by mutual agreement of the parties involved.

2. The amount of a reclassification should represent the value of the respective event (e.g. an entity joining or leaving the reporting population, a merger, a spin-off, etc.) at the time it occurred. However, since this value is not always available, the closest available data can be used to record the reclassifications (e.g. first reported data of an entity joining the reporting population or last reported data of an entity leaving the reporting population).
3. Reclassifications only account for changes that happen within the period of the respective event. Thus, all flows of the entities involved before or after the respective period do not represent reclassification adjustments but financial transactions.

7.2.1 Joiners and leavers

A “joiner” refers to a corporation that transferred to the IC (sub)sector between one reporting period and another. In the same way, a “leaver” refers to an IC that leaves the insurance (sub)sector between one reporting period and another. The recording of reclassification adjustments due to joiners and leavers is based on paragraphs 6.17-6.18 of the ESA 2010.

- “6.17 Reclassifying an institutional unit from one sector to another transfers its entire balance sheet, e.g. if an institutional unit classified in the households sector becomes financially distinct from its owner, it may qualify as a quasi-corporation and be reclassified in the non-financial corporations sector.
- 6.18 Changes in sector classification transfer the entire balance sheet from one sector or subsector to another. The transfer may result in consolidation or deconsolidation of assets and liabilities, which is also included in this category.”

A distinction can be made between (i) joiners that existed before the transfer/leavers that continue to exist after the transfer, and (ii) joiners that did not exist before joining the insurance sector/leavers that cease to exist after they leave the insurance sector.

Joiners that existed previously/leavers that continue to exist⁶⁰

If an entity joins or leaves the IC reporting population, reclassifications are only needed if the institution already existed outside of the IC reporting population (in the case of joiners) or will continue to exist outside the IC reporting population (in the case of leavers). In the case of joiners, the whole balance sheet should be reclassified as a positive entry, while for leavers, the whole balance sheet should be reclassified as a negative entry.

⁶⁰ This section also applies to ICs leaving one IC subsector and joining another IC subsector.

Ideally, this reclassification should occur at the time the licence is granted (joiner) or withdrawn (leaver). However, in line with principle 2 above, the only available data that can be used to estimate the amounts to be reclassified are the following:

- the first IC report of the joiner;
- the last IC report of the leaver.

This procedure is not entirely correct since transactions that took place between joining and the first report (or between the last report and leaving) are not covered. However, in order to identify these transactions, a full balance sheet as at the date the entity joined/left would be needed. Since this information is rarely available in the statistical compilation process, the proposed procedure serves as a good proxy.

The simplified example below illustrates the case of a joiner that already existed. The entity was previously classified as an OFI (S.125) and acquired an insurance licence on 31 December 2021. The joiner reported the following balance sheet (outstanding amounts) on 31 December 2021.

Joiner (prev. OFI) / Sector 128 (outstanding amounts, 31 Dec 2021)			
Assets		Liabilities	
Debt securities	20	Debt securities issued	20
		Unlisted shares	10
Investment fund shares	80	ITRs	70
Total assets	100	Total liabilities	100

The aggregated IC and OFI balance sheets (outstanding amounts), including the joiner in IC statistics and excluding the entity in OFI statistics at 31 December 2021, are shown in the tables below.

Sector 128 (outstanding amounts, 31 Dec 2021)			
Assets		Liabilities	
Debt securities	220	Debt securities issued	220
		Unlisted shares	110
Investment fund shares	880	ITRs	770
Total assets	1,100	Total liabilities	1,100

Sector 125 (outstanding amounts, 31 Dec 2021)			
Assets		Liabilities	
Debt securities	180	Debt securities issued	180
		Unlisted shares	90
Investment fund shares	720	ITRs	630
Total assets	900	Total liabilities	900

The following reclassification adjustments should be reported in IC and OFI statistics on 31 December 2021 to reflect the change in sector classification of the corporation.

Sector 128 (reclassifications, 31 Dec 2021)			
Assets		Liabilities	
Debt securities	+20	Debt securities issued	+20
		Unlisted shares	+10
Investment funds	+80	ITRs	+70
Total assets	+100	Total liabilities	+100

Sector 125 (reclassifications, 31 Dec 2021)			
Assets		Liabilities	
Debt securities	-20	Debt securities issued	-20
		Unlisted shares	-10
Investment funds	-80	ITRs	-70
Total assets	-100	Total liabilities	-100

Similarly, leavers only trigger a reclassification adjustment if they continue to exist. In this case, the reporting NCB should reclassify the whole last balance sheet reported by the leaver as a negative entry. It is assumed that at the end of the reporting period in which the institution leaves the sector, all of its business has disappeared from the insurance sector.

In case of concurrent joiners and leavers in a given reporting period, the net effect of the joiners and leavers on the aggregated assets and liabilities of the IC reporting sector is calculated by aggregating the first assets and liabilities reported by new entrants and last assets and liabilities reported by leavers and, for each item, taking the difference between the two. This net figure is used as the reclassification amount.

Joiners that did not previously exist/leavers that cease to exist

If an entity did not exist before it joined the IC reporting sector, the movements on the IC aggregated balance sheet relating to the joiner are assumed to be mainly new business and are thus recorded as a transaction. As for joiners, entities leaving the IC reporting population that cease to exist do not require reclassification adjustments.

Entities in run-off mode

A run-off results from the decision of an IC to discontinue lines of insurance business, entirely or partly, to strengthen other lines of business. ICs use run-offs as a strategic business tool that enables them to withdraw from unprofitable lines of business to free up resources to be deployed elsewhere.

While the run-off business is not exclusive to insurance corporations, it is relevant due to the longevity of the life insurance business. Run-offs are mostly used in life insurance contracts that are sold to another insurance corporation which is often only winding up contracts in a cost-conscious and purely administrative manner without concluding new business.

The use of run-off services by an insurance corporation where the IC sells ITRs to another insurance corporation represents a transaction for both the selling and the absorbing insurance corporation. As ITRs are transferred from one IC to another there will also be a transfer of assets. Thus, if the run-off takes place as a transfer between two corporations, no reclassifications will be needed.

Table 26 below provides an overview of the guidance on joiners, leavers and run-offs.

Table 26

Overview of guidance on joiners, leavers and run-offs

Title	Description/example	Action
Joiner	An insurance corporation joins the IC reporting sector	
Newly founded	An insurance corporation is newly founded and starts its business ex novo (or receives business from another company that continues to exist)	Transaction
Change in sector classification⁶¹	An entity classified outside the insurance sector until the joiner gets a licence as an insurance corporation and thus joins sector S.128 (business is partly or entirely transferred)	Reclassification of whole balance sheet
Leaver	An insurance corporation leaves the IC reporting sector.	
Bankruptcy/liquidation	An IC files for bankruptcy and stops taking up new business; existing contracts are wound up until the IC ceases to exist	Transaction ⁶²
Change in sector classification⁶¹	An IC loses its insurance licence and continues to carry out business in a different sector to S.128.	Reclassification of whole balance sheet
Run-offs	The IC discontinues lines of insurance business entirely or partly to strengthen other lines of business	Transaction

7.2.2 Corporate restructurings

Reclassification adjustments due to corporate restructurings are recorded in accordance with paragraphs 6.19 – 6.20 of the ESA 2010.

- “6.19 Changes in structure of institutional units cover appearance and disappearance of certain financial assets and liabilities arising from corporate restructuring. When a corporation disappears as an independent legal entity because it is absorbed by one or more corporations, all financial assets and liabilities, including shares and other equity that existed between that corporation and those that absorbed it, disappear from the system.
- However, the purchase of shares and other equity of a corporation as part of a merger is recorded as a financial transaction between the purchasing corporation and its previous owners.

⁶¹ An entity from another country (instead of another sector) that joins the domestic reporting population might be considered as a joiner in this context. In this case, it would also lead to a reclassification if it remains the same entity while only changes its registered office. However, as cross-border joiners are usually required to incorporate a new company in the country of destination, this transfer between the old and the new entity would not be considered a reclassification but a transaction. A cross-border leaver would be processed in a similar manner.

⁶² However, if the IC loses its insurance licence (and thus leaves the reporting population) prior to the moment where it has wound up all its business, the remaining balance sheet amounts would be considered a reclassification.

- Financial assets and liabilities that existed between the absorbed corporation and third parties remain unchanged and pass to the absorbing corporation.⁶³
- 6.20 Symmetrically, when a corporation is legally split up into two or more institutional units, the appearance of financial assets and liabilities is recorded as changes in sector classification and structure.”

This subchapter provides guidance on how to treat mergers in IC statistics. Divisions (i.e. where an entity transfers parts of its assets and liabilities to a new entity) can be treated symmetrically.

A merger is an event in which the ownership of an entity is usually transferred or consolidated with other corporations and can be divided into two types:

- **statutory mergers** where one entity absorbs another corporation and the absorbed entity ceases to exist after the merger;
- **consolidation merger** where both entities cease to exist after the merger and form an entirely new entity.

The recording of reclassification adjustments due to mergers follows the logic described under principle 3), i.e. flows that occur as a result of a corporate restructuring event should be treated as reclassifications while flows between the entities involved before the event should be recorded as transactions. Reclassification adjustments may arise as the sum of two effects in the event of mergers.⁶⁴

Effect 1. Cross-positions that exist between the entities involved (e.g. reinsurance contracts or holdings of equity or debt securities, etc.) need to be reclassified because they disappear in the merger. Thus, the cross-positions amounts existing prior to the merger should be reported as reclassifications as a negative entry in the reporting period in which the merger takes place. The counterparty information provided in the list of assets template (SE.06.02), could be used to identify cross-positions between the entities.

Effect 2. If the entities involved belong to different (sub)sectors, cross-sector reclassification adjustments are also needed. The absorbed entity/entities can be considered a leaver/leavers (reclassification of total balance sheet with negative sign) and the respective inflows to the acquirer can be considered as a joiner (positive reclassifications in the (sub)sector of the acquirer).

The examples provided below refer to statutory mergers. Consolidation mergers are treated in a similar manner.

⁶³ The passing-on of assets and liabilities is recorded as a reclassification. However, if insurance policies are re-negotiated before they are passed on to the new IC, for example, it may be considered as an interaction with policyholders. In this case the redemption of the old policies and the issuance of new policies should be recorded as financial transactions. However, these financial transactions should only be recorded if it can be ensured that both parts are consistently recorded, as partial recordings could result in large erroneous net transactions.

⁶⁴ Note that most mergers are likely to occur within a subsector and therefore only Effect 1 is relevant.

Case example 1: statutory merger with entities belonging to same subsector

The example below illustrates a statutory merger where both entities involved are classified as life insurance corporations (S.128B). As a result of the merger, IC B acquires the assets and liabilities of IC A and IC A ceases to exist. While the flows between the two entities prior to the merger represent financial transactions, the flows occurring at the moment of the merger need to be reclassified. The respective balance sheets (outstanding amounts) of both ICs prior to the merger, at time T-1, look as follows.

IC A / subsector 128B (outstanding amounts) period T-1			
Assets		Liabilities	
Debt securities	400	ITRs	1,400
<i>o/w debt securities issued by B</i>	100	Unlisted shares issued	400
Investment fund shares	1,400	<i>o/w shares held by B</i>	300
Total assets	1,800	Total liabilities	1,800

IC B / subsector 128B (outstanding amounts) period T-1			
Assets		Liabilities	
Unlisted shares	1,100	Debt securities issued	150
<i>o/w shares issued by A</i>	300	<i>o/w debt securities held by A</i>	100
Investment fund shares	1,500	ITRs	2,150
		Unlisted shares issued	300
Total assets	2,600	Total liabilities	2,600

The following cross-positions exist between the two entities:

- IC A holds an amount of 100 in debt securities issued by IC B;
- IC B holds an amount of 300 in unlisted shares issued by IC A.

Since these cross-positions disappear in the merger process, they need to be reclassified (otherwise non-existing transactions would be shown). As both entities belong to the same IC subsector, only the reclassifications for the disappearing cross-positions need to be reported at aggregated subsector level. No cross-subsector reclassifications are needed. The following outstanding amounts of IC B and reclassification adjustments for subsector S.128B are reported in period T (in which the merger took place):

IC B / Subsector 128B (outstanding amounts, period T)			
Assets		Liabilities	
Debt securities	300	Debt securities issued	50
Unlisted shares	800	ITRs	3,550
Investment fund shares	2,900	Unlisted shares issued	400
Total assets	4,000	Total liabilities	4,000

IC B / Subsector 128B (reclassifications, period T)			
Assets		Liabilities	
Debt securities	-100	Debt securities issued	-100
Unlisted shares	-300	Unlisted shares issued	-300
Total assets	-400	Total liabilities	-400

Case example 2: statutory merger with entities belonging to different subsectors

The following example illustrates a statutory merger where the absorbed entity A is classified as life insurance corporation (S.128B) and the absorbing entity B is classified as composite insurance corporation (S.128D). The respective balance sheets (outstanding amounts) of both ICs prior to the merger look as follows.

IC A / subsector 128B (outstanding amounts) period T-1			
Assets		Liabilities	
Debt securities	400	ITRs	1,400
<i>o/w debt securities issued by B</i>	100	Unlisted shares issued	400
Investment fund shares	1,400	<i>o/w shares held by B</i>	300
Total assets	1,800	Total liabilities	1,800

IC B / subsector 128D (outstanding amounts) period T-1			
Assets		Liabilities	
Debt securities	1,100	Debt securities issued	150
<i>o/w shares issued by A</i>	300	<i>o/w debt securities held by A</i>	100
Investment fund shares	1,500	ITRs	2,150
		Unlisted shares issued	300
Total assets	2,600	Total liabilities	2,600

The existing cross-positions between the two entities are the same as in the previous example:

- IC A holds an amount of 100 in debt securities issued by IC B;
- IC B holds an amount of 300 in unlisted shares issued by IC A.

As the entities involved are classified in different IC subsectors, two types of reclassifications need to be recorded to account for the effect of the merger:

- reclassifications due to disappearing cross-positions between IC A and IC B;
- cross-subsector reclassifications from subsector S.128B (IC A, which ceases to exist) to S.128D (IC B, which remains).

As IC A ceases to exist after the merger, all balance sheet positions (of the last reporting period, i.e. T-1) need to be recorded as reclassification adjustments as a negative entry in the reporting period for the merger (period T).

For IC B, the effects of reclassifications due to cross-positions between the two entities (as a negative entry) and cross-sector reclassifications (as a positive entry) need to be considered.

- **Assets – debt securities (reclassification: +300).** Prior to the merger, IC A held an amount of 400 in debt securities, which are transferred to IC B (reclassification: +400). However, 100 of these 400 were debt securities issued by IC B and held by IC A (i.e. cross-position), which disappear in the merger (reclassification: -100).
- **Assets – unlisted shares (reclassification: -300).** Prior to the merger, IC A held no unlisted shares (reclassification: +0), while IC B held an amount of 300 in unlisted shares of IC A (i.e. cross-position), which disappears in the merger (reclassification: -300).
- **Assets – investment fund shares (reclassification: +1,400).** Prior to the merger, IC A held an amount of 1400 in investment fund shares, which are transferred to IC B (reclassification: +1400). No cross-positions existed for this balance sheet item (reclassification: -0).

- **Liabilities – debt securities issued (reclassification: -100).** Prior to the merger, IC A reported no issued debt securities (reclassification: +0). However, an amount of 100 in issued debt securities of IC B was held by IC A (i.e. cross-position), which disappears in the merger (reclassification: -100).
- **Liabilities – ITRs (reclassification: +1,400).** Prior to the merger, IC A reported an amount of 1400 in ITRs, which are transferred to IC B (reclassification: +1400). No cross-positions (e.g. reinsurance contracts) existed for this balance sheet item (reclassification: 0).
- **Liabilities – unlisted shares issued (reclassification: +100).** Prior to the merger, IC A reported an amount of 400 in issued unlisted shares, which are transferred to IC B (e.g. the shares of IC A are transformed into shares of IC B) (reclassification: +400). However, 300 of these 400 were held by IC B (i.e. cross-position) and thus disappear in the merger (reclassification: -300).

The following outstanding amounts of IC B and reclassification adjustments for subsector S.128B and subsector S.128D are reported in period T (in which the merger took place).

IC B / subsector 128D (outstanding amounts, period T)			
Assets		Liabilities	
Debt securities	300	Debt securities issued	50
Unlisted shares	800	ITRs	3,550
Investment fund shares	2,900	Unlisted shares issued	400
Total assets	4,000	Total liabilities	4,000

Subsector 128B (reclassifications, period T)			
Assets		Liabilities	
Debt securities	-400	ITRs	-1,400
Investment fund shares	-1,400	Unlisted shares issued	-400
Total assets	-1,800	Total liabilities	-1,800

Subsector 128D (reclassifications, period T)			
Assets		Liabilities	
Debt securities	300	Debt securities issued	-100
Unlisted shares	-300	ITRs	1,400
Investment fund shares	1,400	Unlisted shares issued	100
Total assets	1,400	Total liabilities	1,400

Table 27 provides an overview on the guidance on mergers.

Table 27
Overview of guidance on mergers¹

Title	Description/example	Action
Statutory merger	Two entities A and B merge where A transfers all its assets & liabilities to B. A ceases to exist at the time of the merger.	
Same (sub)sector	ICs A and B belong to the same subsector (e.g. non-life IC S.128B).	Reclassification adjustments due to disappearing cross-positions
Different (sub)sectors	IC A (e.g. non-life IC S.128B) merges with IC B (e.g. composite IC S.128D) and IC A ceases to exist.	Reclassification adjustments due to: - disappearing cross-positions and - cross subsector reclassifications
Consolidation merger	Two entities A and B merge by forming a new entity C. A and B cease to exist at the time of the merger.	Same treatment as statutory mergers
Same (sub)sector	A, B and C are ICs in the same (sub)sector	Reclassification adjustments due to disappearing cross-positions
Consolidated company belonging to a different sector or subsector than the merging company	A and B belong to the same (sub)sector, but C belongs to a different (sub)sector	Reclassification adjustments due to: - disappearing cross-positions and - cross subsector reclassifications
All three corporations belong to different sectors or subsectors	All three corporations belong to different sectors, but C is being classified as an IC under S.128. For subsector: A life IC (A) and a non-life IC (B) form a new composite IC (C).	Reclassification adjustments due to: - disappearing cross-positions and - cross subsector reclassifications

1) The same logic applies to acquisitions and divisions.

7.3 Reclassifications stemming from changes in asset-by-asset information

A large part of the ECB asset requirements can be derived from the list of assets template (SE.06.02) by allocating individual assets reported on a granular basis in SE.06.02 to the required balance sheet items with their corresponding maturity bands, counterparty sectors and counterparty countries. It follows that changes in the attributes (metadata) of instruments reported in the list of assets template may trigger shifts from one position to another under ECB requirements.⁶⁵ These changes are not transactions and need to be corrected with reclassification adjustments. Since the individual assets can be linked across time using their identifiers (i.e. asset ID codes), these reclassifications can, in principle, be derived automatically. This automatic compilation is described in Section 7.3.1 below. However, an automatic compilation of these reclassification adjustments relies on the existence of stable identifiers. Section 7.3.2 briefly discusses the issue of changing identifiers.

⁶⁵ If for example the issuer country for a particular debt security is reported as a euro area country at time t-1 and as a non-euro area country at time t, the aggregated data reported to the ECB will show, at time t, a decrease in IC holdings of debt securities issued by the euro area and an increase in IC holdings of debt securities issued in the Rest of the world.

7.3.1 Derivation of reclassification adjustments from the list of assets template

Changes in the attributes of instruments in the list of assets between two consecutive reporting periods (e.g. the issuer of a money market fund share changes from DE to US) result in the increase of one or more items in the reporting scheme, while other items decrease. Since these increases and decreases are not the result of selling or purchasing instruments or of changes in the valuation of instruments, they are neither transactions nor revaluations and must be reported as reclassification adjustments.

The reclassification adjustments based on the list of assets (template SE.06.02) can be calculated at reporting agent level using the following steps.

Step 1. Identification of instruments contained for two consecutive quarters in the lists of assets based on the asset ID code ("Information on assets" table, column C0040).

Two lines (for the two consecutive quarters) are obtained for the same instrument with the corresponding information on assets (e.g. CIC, issuer country, issuer sector).

The comparison of assets is based on the asset ID code as this is, in principle, a unique, stable identifier of instruments at reporting agent level.

Step 2. If applicable, this step refers to the enrichment of data obtained in step 1 with information from external sources, such as RIAD or CSDB. The enrichment may consist in filling in information that is missing for certain attributes/metadata or overwriting metadata information reported in SE.06.02 (depending on the national approach followed).

For instance, some cells in SE.06.02 are not reported for ISINs (e.g. issuer sector according to ESA 2010) and the required information needs to be taken from the CSDB. Certain countries may also use the information available in the CSDB (e.g. prices, CIC) rather than the information reported in SE.06.02.

Step 3. Merging the data with the monetary fields of the "Information on positions held" table in the list of assets.

In order to calculate reclassification adjustments, the information for the assets needs to be merged with the monetary information (e.g. total Solvency II amount) in the "Information of positions held" table in SE.06.02 **reported for the previous reporting period**. It is important to note that for the derivation of reclassification adjustments only the amounts of the previous quarter are relevant. The differences in amounts between the two consecutive quarters are reflected in the calculation of revaluations and transactions.

Step 4. Comparison of the data obtained in step 3 for the asset ID code in the relevant attributes. In general, changes in the following attributes of an asset item for

two consecutive quarters can trigger shifts from one item to another under ECB reporting requirements.

- Issuer sector (C0230)
- Issuer sector under ESA 2010 (EC0231)
- Issuer country (C0270)
- Country of residence for collective investment undertakings (EC0271)
- CIC (C0290)
- Instrument classification according to ESA 2010 (EC0291)
- Issue date (EC0381)
- Maturity date (C0390)

Step 5. Identification of and mapping to the affected items of the ECB reporting scheme, in line with Chapter 6 of this compilation guide.

Step 6. Calculation and allocation of the resulting amounts of reclassification adjustments to the respective items in the ECB reporting scheme.

The value of the reclassification adjustment at time T is derived as the difference between:

- the outstanding amounts of the previous quarter (T-1) for the affected series with the attributes/metadata information of the current period (T);
- the outstanding amounts of the previous quarter (T-1) for the affected series with the attributes/metadata information of the previous quarter (T-1).

The example below illustrates the steps for a single asset item at reporting agent level. The issuer country attribute for a particular money market fund share (same asset ID) is reported as DE in Q2 2021 and as US in Q3 2021. The items affected by this change in the ECB reporting scheme are the country-by-country series for DE and US for total investment fund shares and money market fund shares.

Asset items per asset ID and ref. period ¹					Relevant items in the ECB reporting scheme ²			
Ref. period	C0040	EC0231	C0290	C0170	Relevant item 1	Relevant item 2	Relevant item 3	Relevant item 4
Q321	CAU/INV_123	US	XL43	501	A60; Total	A60; US	A61; Total	A61; US
Q221	CAU/INV_123	DE	XL43	500	A60; Total	A60; DE	A61; Total	A61; DE

1) Refers to columns from SE.06.02 where C0040: asset ID code and type of code; C0231: issuer sector according to ESA 2010; C0290: CIC (XL43 refers to non-listed MMFs); C0170: total Solvency II amount.

2) Refers to codes used in the ECB reporting scheme where A60: investment fund shares; A61: money market fund shares.

This change in attributes/metadata in the list of assets template results in the calculations and allocations of required reclassification adjustments shown below.

Ref. period	Item of ECB rep. scheme	OA at Q221 with attributes information of current quarter Q321 (A)	OA at Q221 with attributes information of previous quarter Q221 (B)	Value of reclassification adjustment (A minus B)
Q321	A60; Total	500	500	0
Q321	A60; DE	0	500	-500
Q321	A60; US	500	0	+500
Q321	A61; Total	500	500	0
Q321	A61; DE	0	500	-500
Q321	A61; US	500	0	+500

Note. A60: investment fund shares; A61: money market fund shares; OA: outstanding amounts.

However, the approach described above only works with stable asset ID codes. In other words, if the reporting agents keep the asset ID codes for instruments in the list of assets constant over the lifetime of the instruments. The following subchapter addresses the issue of changing asset ID codes.

7.3.2 Changing asset ID codes

As described in the previous section, the automatic derivation of granular reclassifications relies on the stability of the reported asset ID codes. However, in practice, asset ID codes may erroneously change over time due to reporting errors, changes of internal sources or taxonomy updates.

A possible approach to overcoming this issue is the use of machine learning techniques. Using the “record linkage” model, a trained algorithm predicts the matching/non-matching asset ID codes for two records of two subsequent quarters based on their attributes/metadata. If the algorithm predicts a match of ID codes, while actual ID codes are not the same (non-matches), the compared records are likely to represent the same asset but will not share the same asset ID (i.e. represent an erroneous change in the code over the reporting periods).

NCBs could then check with the reporting agents to establish whether the assets detected by this algorithm actually refer to the same asset and report reclassification adjustments in line with Section 7.3.1 where needed.

7.4 Reclassification adjustments reported by ICs

When countries derive the IC balance sheet data from Solvency II supervisory reports, reclassification adjustments are also reported as ECB add-ons in the balance sheet template (SE.02.01) (column EC0021). For the purposes of this template, reclassification adjustments are only reported as totals for the different instruments, with no further breakdown by maturity, sector or geographical location of counterparty.

In order to map the reclassification adjustments reported in SE.02.01 to ECB requirements, the same mapping described in Chapter 6 for the derivation of

outstanding amounts for individual instruments (based on SE.02.01) can be used. It should be noted that, in line with the instructions for ECB add-ons, reporting agents should report any reclassifications affecting “Assets held for index-linked and unit-linked contracts” (only reported as a total in the balance sheet template) under “Investments (other than assets held for index-linked and unit-linked contracts)” and its sub-items (rows R0070 to R0210). It follows that ICs should report the reclassification adjustments for “Assets held for index-linked and unit-linked contracts” (R0220) as nil.

The totals derived from SE.02.01 for “non-financial assets”, “financial derivatives” (assets), “ITRs and related claims”, “debt securities issued”, “loans o/w deposit guarantees in connection with reinsurance business”, “life ITRs (further broken down into unit linked and non-unit linked)” and “non-life ITRs”, “financial derivatives” (liabilities) can be directly assigned to the respective totals in the ECB reporting scheme.⁶⁶

For instruments where a split by sub-items, maturity, counterparty area and/or counterparty sector is required, any additional information received from the reporting agents is taken into account. If no additional information from the IC is available to the NCB, the aggregated reclassification may be distributed to the breakdowns using the same proportions as those derived for outstanding amounts.

On the asset side, there may be an overlap between the reclassification adjustments reported by ICs and those derived by NCBs from the automatic derivation of reclassification adjustments described in Section 7.3.1 above. For reclassification adjustments that can be derived from the list of assets template, this is the preferred approach since it ensures a high level of automation and provides detailed information on the instrument(s) concerned (i.e. the extent to which the maturity, sector, geographical counterparty are affected by the reclassification).

However, not all asset items of an IC balance sheet are covered in the list of assets. Reclassification adjustments for the asset items “ITRs and related claims” (A40), “Non-financial assets [intangible assets]” (part of item A80) and the sub-positions of the category “Remaining assets” (A90) other than “Other investments” have to be derived from reported reclassifications.

Furthermore, even if a reclassification affects an instrument category which is in principle covered by the list of assets template, it may be the case that reclassification adjustments can only be derived from the reported reclassification adjustments in SE.06.02. For example, most lease contracts became on-balance-sheet items under IFRS 16. If an insurance corporation set up a building lease under an off-balance-sheet structure, the increase in non-financial assets due to IFRS 16 would only be reflected in the reported reclassifications (see also example 6 under SE.02.01 in the instructions for ECB add-ons⁶⁷).

⁶⁶ In principle, this is also the case for the totals for “remaining assets and “remaining liabilities”. However, “remaining assets” and “remaining liabilities” should also account for the difference between the asset side and the sum of liabilities and equity as described in Chapter 6. NCBs should ideally contact ICs to clarify the correct amount of reclassification adjustments.

⁶⁷ [Insurance corporations data and reporting](#).

The following potential issues should be highlighted.

When reclassification adjustments reported by ICs and those derived by NCBs from the automatic derivation overlap, the two reclassification adjustments (which should in principle be the same) may not match. In the case of very large deviations between the two sources of adjustments, NCBs should ask reporting agents to explain the reported reclassifications.

Furthermore, for some positions, reported reclassifications have to be used in order to derive reclassifications and inconsistencies can occur if reclassifications are reported between positions that are contained in the list of assets and positions that are not contained in the list of assets. These types of reclassifications cannot be derived using the automatic procedure. In these cases, the NCBs should ideally ask reporting agents to identify the asset ID codes affected by the reclassification to derive the corresponding breakdowns by country, sector and maturity.

7.5 Reclassification adjustments derived by NCBs based on external information

Other events not captured in the previous sections may lead to structural breaks in the IC time series and thereby require the reporting of reclassification adjustments so that high quality transactions can be derived. It may be necessary to identify and deal with these events by making use of available external information. These events include but are not limited to the examples described below.

Changes in the euro area composition

Changes in the composition of the euro area may give rise to the transfer of business across geographical boundaries. Such transfers are treated as reclassification adjustments.

In the quarterly IC statistics an enlargement or reduction of the euro area will have an impact on the counterparty areas “euro area Member States other than domestic” (Other MUMs) and “Rest of the world” (RoW). In the event of a euro area enlargement, all positions vis-à-vis the new euro area country will be reclassified from RoW to other MUMs and vice versa in the case of a reduction.

The IC statistics reflect the composition of the euro area at the time to which the data relate. Each change (enlargement or reduction) therefore brings one-off changes in the aggregates with other MUMs and RoW as counterparties in the reference period the change takes place. It follows that NCBs need to report reclassification adjustments for the reference period concerned so that correct transactions can be derived. In the case of an enlargement, positive reclassification adjustments are reported for series with the other MUMs counterparty and negative reclassification adjustments for series with the RoW counterparty. The opposite applies for reductions.

Changes in data source, statistical framework or accounting treatment

Changes in the data source could lead to structural breaks in the time series. For example, changes in the Solvency II reporting framework may have implications for reported data and when mapping the data to statistical requirements breaks in series may arise. NCBs should provide reclassification adjustments for these structural breaks so that the derived transactions do not erroneously include changes due to data sources.

Furthermore, changes in accounting treatment may lead to changes in time series that are not due to transactions and where reclassification adjustments thus need to be reported. As described in the previous subchapter, due to the change in the reporting of leasing activities under IFRS 16 (2019), the leasing business changed from off-balance-sheet to on-balance-sheet reporting and thus appeared in the IC statistics for the first time. To account for this change, the increase in data reported for loans and the leased objects on assets resulting from the inclusion of the leasing business had to be accompanied by positive reclassification adjustments containing the (estimated) amounts resulting from this change in accounting treatment.

Another example relates to changes in the treatment of netted balance sheet items. Where an IC has received advice from an NCA or has deemed it necessary to change the treatment of inter-dependent line items on its balance sheet, a reclassification is required. For example, an IC's deposits to cedants and technical provisions might have been netted on the balance sheet because of inter-dependent cash flows and the items are then reported separately on the balance sheet. This new treatment should be accompanied by a reclassification adjustment the first time it is presented. The reclassification amount should represent the difference between the amount in the quarter of first reporting with the new treatment and the value for the same quarter which arises if the treatment had remained the same as before the change.

Changes in the compilation process

When compilers apply changes to the compilation process of IC statistics in their country (e.g. the calculation of estimations), this may also lead to structural breaks in time series which require reclassification adjustments. The amount of the reclassifications can be derived by compiling the reported data of the subsequent reporting period with both the old and the new compilation process and taking the difference of the outcome of these two calculations. This difference/reclassification amount represents the impact of the change in the compilation process.

8 Procedures for reporting data to the ECB

8.1 Derogations on reporting and grossing-up procedures

For the purpose of Solvency II supervisory reporting, the minimum coverage at national level is defined in Article 35 of Directive 2009/138/EC. Pursuant to this article, quarterly reporting should reach 80% coverage at national level for the life, non-life and reinsurance markets respectively. In the case of annual reporting, coverage should reach 100%, with the exception of item-by-item reporting, where the supervisory authorities may limit regular supervisory reporting to 80% of a Member State's life and non-life, or reinsurance market respectively. However, for ESCB purposes, and in accordance with Article 7(1)(b) of the IC Regulation, a minimum of 95% coverage must be obtained on an annual basis for all quarterly requirements where lower coverage is reported on a quarterly basis. In line with Article 7(1)(c) of the IC Regulation, ICs that are granted a derogation still have to report a reduced set of information, as defined by the relevant NCB.

Table 27
Overview of derogations

	Solvency II supervisory reporting	ESCB reporting
Quarterly templates	Minimum 80%	Minimum 80%
Annual templates – item-by-item templates	Minimum 80%	Minimum 95%
Annual templates – other than item-by-item templates	Close to 100%	Minimum 95%

In line with the non-bank Guideline, NCBs should gross up the quarterly IC data reported to the ECB to 100% coverage in cases where derogations are granted to ICs. The Guideline further specifies that NCBs may choose the procedure for grossing up to 100% provided that the estimates are based on the corresponding type of IC (i.e. life, non-life, reinsurance or composite).

When NCBs follow the integrated reporting approach, the quarterly information can be grossed up by using the corresponding annual templates when the coverage for the annual templates reaches 100% (or comes close to that figure). However, in the case of item-by-item templates this may not be the case,⁶⁸ and NCBs will have to gross up the information using alternative information, possibly collected in line with Article 7(1)(c) (i.e. a reduced set of information).

⁶⁸ In order to comply with the IC Regulation, annual templates may only be available for 95% of the reporting population.

8.2 Revision policy

The IC Regulation (Annex III) refers in general terms to minimum standards for revisions, stating that “the revisions policy and procedures set by the ECB and the relevant NCB must be followed”. Annex III also defines minimum standards for transmission, accuracy and compliance with concepts, implying that incorrect data should be corrected.

The non-bank Guideline gives very general guidance regarding the revisions of IC data transmitted from NCBs to the ECB. In accordance with the Guideline, NCBs may revise the IC data at any time, with the exception of production periods. During the production periods (the period between the transmission deadline for NCBs to the ECB and the close of the period in which data are received by the ECB for the production period in question), NCBs may, in principle, only revise the current or previous reference period. This applies to quarterly and annual production periods. However, in special cases, when the revisions significantly improve the quality of the data, NCBs can also revise previous reference periods during the production rounds.

The non-bank Guideline further specifies that NCBs should explain any significant and historical revisions.

Given that integrated supervisory and statistical reporting is possible, a common understanding between the ECB, EIOPA, NCBs and NCAs is required in regard to the minimum level of data quality as well as when a revision of data is considered necessary. Therefore, the ECB and EIOPA have published common minimum standards for revisions transmitted by NCBs to the ECB and by NCAs to EIOPA.⁶⁹

The document identifies six common minimum standards: (i) “Request for revisions” describes in general terms when data should be revised; (ii) “Synchronisation” specifies that revision of data should take place at all levels of the transmission chain so that all parties involved have the same data; (iii) “Timeliness” defines when revisions should be sent by NCBs to the ECB and by NCAs to EIOPA; (iv) “Explanatory notes” specifies when NCBs and NCAs must provide explanations about the revisions; (v) “Notice” describes how NCAs should notify EIOPA prior to transmitting the revisions, and (vi) “Historical revisions” defines how far back revisions must be transmitted or the alternative transmission of “reclassification adjustments” by NCBs to the ECB.

⁶⁹ “Common Minimum Standards for Data Revisions as agreed between the ECB, EIOPA, National Central Banks and National Competent Authorities”, June 2019, ECB, EIOPA.

9 Overview of national practices

9.1 National data collection and compilation approaches

In order to minimise the reporting burden on the insurance industry, the IC Regulation allows NCBs to derive statistical requirements, to the extent possible, from data reported for supervisory purposes under the EU's Solvency II framework.

While a large part of the information required under the IC Regulation can be derived from the data provided for supervisory purposes, some data required purely for statistical purposes have to be collected in addition to those collected for supervisory purposes (ECB add-ons).

NCBs have the option of implementing a single reporting flow for statistical and supervisory data, using reporting templates prepared by the ECB in close cooperation with EIOPA that consolidate the statistical and supervisory data requirements ("unofficial reporting templates including ECB add-ons"). The ECB add-ons have also been integrated into the technical reporting framework set up by EIOPA, based on the Data Point Model (DPM; a structured representation of the data) and eXtensible Business Reporting Language (XBRL).

In countries where statistical requirements are derived from data reported for supervisory purposes (including ECB add-ons), the approaches chosen regarding (i) data flows (i.e. whether data are transmitted via the supervisor or directly to the NCB and whether the common XBRL taxonomy is used), and (ii) data sharing (i.e. whether NCBs have access to the complete supervisory data or only the parts that are relevant for statistical purposes) differ.

In some countries, the NCB acts also as the NCA, i.e. the national insurance supervisor. This is the case in seven euro area countries (Belgium, Ireland, Greece, France, Lithuania, the Netherlands and Slovakia) and in one non-participating Member State (Czech Republic) currently transmitting IC data to the ECB. In this context, the reference to NCA refers to the supervisory department and the NCB to the statistics department.

The following paragraphs summarise the national approaches, which are also shown in Table 28 "Overview of national approaches".

All euro area countries, with the exception of Luxembourg, the Netherlands and Slovakia (which have set up a separate dedicated statistical data collection process), derive the statistical requirements from Solvency II data (including ECB add-ons).

As regards data flows, the majority (13 out of 16) of euro area countries that use Solvency II data have organised their data flows as shown in Figure 3: reporting agents (RAs) send the Solvency II data (including ECB add-ons) to the national insurance supervisor (national competent authority, NCA), which, in turn transmits the data to the NCB.

Figure 3

Data flow used in majority of euro area countries



In three countries (Belgium, Cyprus and Malta) data flows are organised differently.

- In Belgium, the data collection for statistical and supervisory purposes is included in a shared system (the NCB being the NCA).
- In Cyprus and Malta, RAs submit the Solvency II data directly to both the NCB and to the NCA in parallel. While in Cyprus only the data transmitted to the NCB include the ECB add-ons, in the case of Malta the data transmitted to the NCA also include the ECB add-ons.

The majority (15 of 16) of euro area countries using the Solvency II data use the common XBRL taxonomy for the transmission of Solvency II data (including ECB add-ons) by RAs. The exception is Cyprus.

Among the 16 euro area NCBs that use Solvency II data, six have access to the full set of supervisory data, while ten only have access to the relevant subset of supervisory data needed to meet the ECB requirements. The Netherlands and Slovakia, which have a separate statistical data collection process, nevertheless have access to the full supervisory dataset and use the information for data quality checking (in the Netherlands) and for estimating more detailed breakdowns (in Slovakia).

For checking ECB related data requirements in the countries deriving the requirements from supervisory data (including ECB add-ons) the following approaches are used.

- In 11 euro area countries the data are checked by both the supervisors and the statisticians. While in six of these countries (BE, DE, EE, CY, AT, FI) both can also query the RAs directly, in five countries (IE, ES, IT, LT, PT) only the supervisor can directly query the RAs.
- In five euro area countries only the statisticians check the data required purely for ECB purposes: in three cases (GR, LV, SI), both statisticians and supervisors can directly query the RAs, in one case (FR) only the supervisors, and in another (MT) only the statisticians.

Among the four non-participating Member States that currently report IC data to the ECB, one country (Czech Republic) derives the statistical data requirements from Solvency II data (including ECB add-ons), while three (Bulgaria, Hungary and Romania) have separate statistical data collection.

In the case of the Czech Republic, the data collection for statistical and supervisory purposes is integrated into a shared system (the NCB being the NCA). Statisticians

have access to the full supervisory data and while both supervisors and statisticians check the data, only supervisors can query the RAs.

Table 28 provides a summary of the national approaches.

Table 28
Overview of national approaches

	Euro area Member States	Non-participating Member States
Use Solvency II + ECB add-ons	BE, DE, EE, IE, GR, ES, FR, IT, CY, LV, LT, FI, MT, AT, PT, SI	16 CZ 1
Reporting format:		
Common XBRL from ICs to NCAs	BE, DE, EE, IE, GR, ES, FR, IT, LV, LT, MT, AT, PT, SI, FI	15 CZ 1
Use of other formats to collect Solvency II data	CY	1
Access to supervisory data:		
Access to full supervisory data	BE, DE, EE, LT, FI	5 CZ 1
Access to subset of supervisory data	IE, GR, ES, FR, IT, CY, LV, MT, AT, PT, SI	11
Checking of ECB related data requirements		
Supervisors and statisticians	BE, DE, EE, IE, ES, IT, CY, LT, AT, PT, FI	11 CZ 1
Only statisticians	GR, FR, LV, MT, SI	5
Who can query the ICs directly?		
Supervisors and statisticians	BE, DE, EE, GR, CY, LV, AT, SI, FI	9
Only statisticians	MT	1
Only supervisors	IE, ES, FR, IT, LT, PT	6 CZ 1
Separate statistical data collection¹	LU, NL, SK	3 BG, HU, RO 3

1) This refers to countries that meet ECB requirements using a separate statistical data collection process and do not collect data from Solvency II reporting templates. Countries deriving ECB requirements from Solvency II may also have separate statistical data collection for branches to derive host approach data from home approach data. This is covered in Section 9.2 on home versus host approach data.

9.2 Home versus host approach data

As described in Chapter 4, NCBs can currently transmit to the ECB national aggregated data following the host approach or the home approach.

The home approach is followed when NCBs derive the data required for ECB purposes from data collected for supervisory purposes and do not adjust the data. The data may be based on the “host approach” when NCBs have a dedicated statistical collection system or when NCBs adjust the data collected using the home approach.

This section summarises the approaches currently followed by NCBs.

The majority (11) of euro area countries transmit national aggregated data to the ECB according to the home approach. In the majority of these countries the difference between the home and the host approach is not deemed to be significant.

The remaining eight euro area countries transmit data according to the host approach.

- Estonia and Lithuania adjust home approach data by using estimations and exchanging data between the two countries.
- Ireland, Latvia and Finland adjust home approach data by collecting additional data on branches. Latvia also has an additional data collection on IC business (with a head office in Latvia) which does not include the activity of branches abroad. Finland includes information for one large resident branch (with a parent in another EU country) in its data.
- Luxembourg, the Netherlands and Slovakia have a separate dedicated statistical data collection process.

All non-participating Member States, with the exception of Romania, which are currently transmitting data to the ECB, transmit the data according to the host approach:

- Bulgaria and Hungary have a separate statistical data collection.
- Czech Republic adjusts the home approach data by adding figures reported by resident foreign branches. However, figures on branches of domestic insurers abroad are not deducted (mainly because of their minimal statistical significance).

Table 29 summarises the reporting of home approach versus host approach data.

Table 29
Reporting of home approach vs. host approach data

	Euro area Member States		Non-participating Member States	
Reports host data	EE, IE, LV, LT, LU, NL, SK, FI	8	BG, CZ, HU	3
Dedicated statistical data collection	LU, NL, SK	3	BG, HU	2
Adjusts home to host data using estimations and exchanging data	EE, LT	2		
Adjusts home to host data using additional data collection	IE, LV, FI	3	CZ	1
Reports home data	BE, DE, GR, ES, FR, IT, CY, MT, AT, PT, SI	11	RO	1

9.3 ICs classified by type

National laws and specificities

National laws concerning the different types of ICs (i.e. reinsurance corporations, life insurance corporations, non-life insurance corporations and composite insurance corporations) are fairly similar across countries and aligned with the Solvency II Directive as presented in Section 3.2.

All national laws specify that reinsurance undertakings can only conduct reinsurance activities, i.e. reinsurance undertakings cannot conduct any direct insurance business.

In principle, direct life insurance corporations can only conduct direct life insurance business but no direct non-life insurance business and, similarly, direct non-life insurance corporations are allowed to conduct direct non-life insurance business but no direct life insurance business.

The majority of euro area countries (with the exception of Germany and the Netherlands) make use of Solvency II Directive Article 73(2) and provide in their national laws that insurance undertakings may be authorised to pursue life insurance business and non-life insurance business in the classes “accident” and “sickness” simultaneously (referred to as “new” composite insurance undertakings in this compilation guide).

Furthermore, many countries make use of the exceptions defined in Article 73(5) of the Solvency II Directive. In these countries (BE, GR, IT, LT⁷⁰, MT, AT, PT, SI and SK) insurance undertakings established before a specific date with permission to carry out both life and non-life insurance activities are allowed to continue doing business in all of the classes they were permitted to previously (referred to as “old” composite insurance undertakings in this compilation guide). The respective dates vary across countries and are specified in Article 73(5) of the Solvency II Directive.

In two countries (Germany and the Netherlands) insurance undertakings cannot be authorised to pursue life and non-life insurance activities simultaneously, in line with Article 73(1) of the Solvency II Directive.

Some differences in national laws can be observed in regard to whether direct insurance corporations are permitted to conduct reinsurance business. In all countries, direct insurance corporations can undertake some kind of reinsurance business. In most of these countries direct insurance corporations can, in accordance with the national law, obtain authorisation to conduct reinsurance business only in the same classes as they are authorised to conduct direct insurance business. In other countries, direct insurance corporations can be authorised to carry out any kind of reinsurance business. Table 30 provides an overview of the national laws on the authorisation of direct ICs to perform reinsurance business.

⁷⁰ In LT, non-life (composite) insurance undertakings are only allowed to pursue outstanding life insurance contracts but are not allowed to write new life insurance contracts.

Table 30**National laws on the authorisation of direct ICs to perform reinsurance business**

Country	Can only perform reinsurance business for the same classes as direct business	Can perform life and non-life reinsurance business
BE		X
DE	X	
EE	X	
IE	X	
GR	X	
ES	X	
FR		X
IT		X
CY	X	
LV	X	
LT	X	
LU	X	
MT		X
NL	X	
AT		X
PT	X	
SI	X	
SK	X	
FI	X ¹	X ¹
BG	X	
CZ	X	
HU	X	
RO	X	

1) Life-insurance corporations can reinsure only the type of business they are insuring directly but non-life insurers have a broader allowance according to Finnish legislation.

Data reported by NCBs for non-life insurance corporations

In line with the definition of non-life insurance corporations, a direct non-life insurance corporation in principle exclusively conducts types of direct non-life insurance business. However, given that national laws may allow reinsurance business to be performed, the majority of euro area NCBs report data for non-life ITRs reinsurance. Many euro area countries also report data for life ITRs o/w accepted reinsurance.

Furthermore, the majority of euro area countries report data for direct life ITRs. The reason for this stems from the way in which the Solvency II quantitative reporting templates are designed.

The distinction between different types of ICs is based on the authorised insurance “classes”. The classes are defined in Annex I (for non-life classes) and Annex II (for life classes) of the Solvency II Directive. An IC is a non-life insurer if it has received a

licence for direct non-life insurance classes and possibly for reinsurance depending on national laws.

The Solvency II templates are completed on the basis of “lines of business” reflecting the nature of the risks underlying the obligation. The lines of business are defined in Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive.

The lines of business in the Solvency II templates do not necessarily directly correspond to the insurance classes set out in Annex I and Annex II of the Solvency II Directive.⁷¹ This is reflected in Recital (24) of Delegated Regulation (EU) 2015/35 which specifies that the segmentation of insurance and reinsurance obligations into lines of business and homogeneous risk groups should reflect the nature of the risks underlying the obligation. The nature of the underlying risks may justify segmentation which differs from the allocation of insurance activities to life insurance activities and non-life insurance activities, from the classes of non-life insurance set out in Annex I of Directive 2009/138/EC and from the classes of life insurance set out in Annex II of Directive 2009/138/EC.

It follows that non-life ICs may report data for life ITRs in the Solvency II template S.12.01 (“Life and health similar to life technical provisions”). These are technical reserves that are calculated in a similar way to life techniques (SLT), i.e. long-term business, and recorded in the following columns:

- annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations (S.12.01.C0090) – line of business 34 in the Commission Delegated Regulation. For example, a non-life IC that has “motor vehicle liability” activities can pay annuities;
- health insurance (direct business) (S.12.01.C0160) – line of business 29 in the Commission Delegated Regulation (i.e. health insurance, where underlying business is pursued on a similar technical basis to that of life insurance, other than those included in line of business 33);
- annuities stemming from non-life insurance contracts and relating to health insurance obligations (S.12.01.C0190) – line of business 33 in the Commission Delegated Regulation.

In the Solvency II balance sheet template these amounts are included under “Life technical provisions/health similar to life” (SE.02.01.R0610).

⁷¹ This is reflected in Recital (24) of Delegated Regulation (EU) 2015/35 which reads as follows: “the segmentation of insurance and reinsurance obligations into lines of business and homogeneous risk groups should reflect the nature of the risks underlying the obligation. The nature of the underlying risks may justify segmentation which differs from the allocation of insurance activities to life insurance activities and non-life insurance activities, from the classes of non-life insurance set out in Annex I of Directive 2009/138/EC and from the classes of life insurance set out in Annex II of Directive 2009/138/EC”.

Data reported by NCBs for life insurance corporations

In line with the definition of life insurance corporations, a direct life insurance corporation, in principle, exclusively performs types of direct life insurance activities. However, given that national laws may allow reinsurance business to be conducted, many euro area NCBs report data for “life ITRs reinsurance o/w accepted reinsurance”.

Furthermore, several euro area countries report data for “direct non-life ITRs”. Similar to the case of non-life ICs (that report direct life ITRs), this is due to the way in which the Solvency II quantitative reporting templates are designed.

While an IC is a life IC if it has received a licence for (a) direct life insurance class(es) and possibly for reinsurance, the life IC may report data for non-life ITRs in the Solvency II template S.17.01 (“Non-life technical provisions”). The life insurer can write health insurance with similar to non-life techniques (Non-SLT), i.e. short-term business, as long as it is underwritten supplementary to the life business in accordance with Article 2(3)(a)(iii) of the Solvency II Directive⁷².

Non-life technical provisions are recorded in columns “Medical expense insurance” (C0020), “Income protection insurance” (C0030) and “Workers’ compensation insurance” (C0040) of template S.17.01, which correspond to lines of business 1 to 3 in the Commission Delegated Regulation.

In the Solvency II balance sheet template (S.02.01), these amounts are included in “Non-life technical provisions/health similar to non-life” (R0560).

Data reported by NCBs for composite insurance corporations

In line with the definition, composite insurance corporations are insurance undertakings which have been authorised to pursue both direct life and direct non-life insurance activities and may in addition be authorised to pursue reinsurance activities.

Two types of composite insurance corporations potentially exist.

- “New composite insurance undertakings” which have been authorised to pursue life insurance activity and non-life insurance activity in classes 1 and/or 2 as specified in Part A of Annex I to the Solvency II Directive.
- “Old composite insurance undertakings” which have been authorised to pursue life insurance activity and non-life insurance activity, without further restrictions (i.e. potentially in any of lines of business 1 to 12). These are composite insurance undertakings which existed in the past and are allowed to continue operating as defined in the Solvency II Directive.

⁷² “Supplementary insurance underwritten in addition to life insurance, in particular, insurance against personal injury including incapacity for employment, insurance against death resulting from an accident and insurance against disability resulting from an accident or sickness”.

Table 31

Composite ICs – data reported to ECB and existence of new and old composites

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU
Data reported to ECB	√	M	√	√	√	√	√	√	√	√	M	√
New composites	X	M	X	X	X	X	X	X	X	X	X	X
Old composites	X	M		M	X	X	X	X	X	M	X	

	MT	NL	AT	PT	SI	SK	FI	BG	CZ	HU	RO
Data reported to ECB	√	M	√	√	√	√	√	√	√	√	√
New composites	M	M		X	X	X	X	X	X	X	X
Old composites	X	M	X	X	X	X		X	X	X	X

Data reported to ECB: √: data are provided to the ECB; M: data are recorded as missing with observation status "M" (data cannot exist, i.e. phenomenon does not exist due to local market practices or to the legal/economic framework). Note that composite insurance corporations are prohibited by law in DE and NL.

New composites/old composites: X: these types of composites exist, M: these types of composites do not exist.

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