

Solvency II Circular for Insurance and Reinsurance Undertakings

The purpose of this circular is to provide further guidance to insurance and reinsurance undertakings (hereinafter referred to as “*undertakings*”) in relation to the quantitative reporting requirements.

I. Completion of the Solvency II Quantitative Reporting Templates (“ORTs”)

(1) Template S.02.01 – Balance Sheet

Please find below the Authority’s guidance in relation to the following balance sheet items:

Column/Row	Item	Guidance
C0010- C0020/R0360	Insurance and intermediaries receivables	The inputs in this cell should reflect insurance related receivables
C0010- C0020/R0380	Receivables (trade, not insurance)	The inputs in this cell should reflect operational receivables
C0010- C0020/R0420	Any other assets, not elsewhere shown	The inputs in these cells should reflect financial (not operational and not insurance) assets e.g. accrued interest in C0010 only
C0010- C0020/R0820	Insurance and intermediaries payables	The inputs in this cell should reflect insurance related payments e.g. insurance payables
C0010- C0020/R0840	Payables (trade, not insurance)	The inputs in this cell should reflect operational payables e.g. current tax and indirect expenses
C0010- C0020/R0880	Any other liabilities, not elsewhere shown	The inputs in these cells should reflect financial (not operational and not insurance) liabilities

(2) Template S.06.02 – List of assets

(i) C0210 – Issuer Sector

The issuer sector should identify the economic sector of the issuer based on the latest version of the list of NACE codes. The letter reference of the NACE code identifying the Section should be used as a minimum for identifying sectors. For assets having the NACE relating to *Section K - Financial and Insurance activities*, the letter identifying the Section and the four-digit code for the class shall always be used e.g. K64.1.9.

The following shall also be considered:

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Complementary Identification Code (“CIC”) category 1 – Government Bonds

For government bonds issued by the Treasury Department, the NACE code *O84.1.1 – General Public Administration* should be used. Please note that this can be limited to the letter reference of the NACE code i.e. *O - Public administration and defence; compulsory social security*.

CIC category 4 - Collective Investment Undertakings

For Collective Investment Undertakings, the issuer sector should reflect the sector of the fund manager.

If the activities of the fund manager involve portfolio and fund management activities on a fee or contract basis, for individuals, business and others, the most appropriate NACE code is *K66.3.0 - Fund management activities*.

CIC category 7 – Cash and deposits

For credit institutions, the most appropriate NACE code is *K64.1.9 – Other Monetary Intermediation*.

(ii) C0150 – Valuation Method

This column should identify the valuation method used when valuing assets.

Following recent guidance from EIOPA, for CIC category 7 – Cash and deposits, the most appropriate valuation method is “*1 – quoted market price in active markets for the same assets*”.

(iii) C0290 – Complementary Identification Code (“CIC”)

This column should be completed using the four-character CIC code as set out in Annex V and defined in Annex VI of the 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.

The first two positions of the CIC code should identify the ISO 3166-1-alpha-2 country code where the asset is listed in; or “XV” if the asset is listed in more than one country, or “XL” if the asset is not listed in a stock exchange or “XT” if the asset is not exchange tradeable.

The second two positions of the CIC code should identify the category of the asset, taking into consideration the most representative risk to which the asset is exposed to.

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(3) Filing Rules and Validations

Kindly refer to the [Filing Rules](#) and the [List of Validations](#) for Solvency II Reporting that are published on the EIOPA's website when populating the QRTs. Please ensure that the Filing Rules outlined in Section V of the Filing Rules document are adhered to for identification of entities and instruments by their respective code.

II. European Central Bank add-ons

The European Central Bank ("ECB") and EIOPA have been working closely to align the ECB statistical reporting requirements with Solvency II reporting requirements. The ECB Regulation allows National Central Banks to derive the necessary statistical information, where possible, from the data reported under the Solvency II framework.

The Central Bank of Malta ("CBM") will avail of this option and derive the ECB data requirements from data collected under the Solvency II framework. While a large part of the ECB requirements will be met by the Solvency II data collection, some additional reporting in the form of ECB add-ons are required. This additional information is presented in the "unofficial reporting templates including ECB add-ons" and which have been integrated into EIOPA's Data Point Model and Taxonomy.

The ECB add-ons can be accessed through the following link under the "Forthcoming statistics" section:

<http://www.ecb.europa.eu/stats/money/icpf/html/index.en.html>

To minimise the reporting burden on the undertakings, the **combined reporting requirements** (i.e. the QRTs including ECB add-ons) are required to be submitted to both the MFSA and CBM.

Notwithstanding the above, the ECB add-ons will not be reviewed by the MFSA. In this regard any technical queries on the ECB add-ons should be directed to the CBM.

III. Reporting for Protected Cell Companies ("PCCs")

In accordance with paragraph 8.6.17 of the Insurance Rules – Financial Statements issued under the Insurance Business Act (CAP. 403) applicable as from 1st of January 2016 and Supervisory Reporting Requirements, PCCs are requested to provide:

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(i) QRTs

Information requested by paragraphs 8.6.2(a) (i) of the above-mentioned Insurance Rules

- in relation to each material cell and the remaining part in compliance with the Solvency II requirements within the same submission.
- in relation to the non-cellular section (core) and each cell, separately.

(ii) National Specific Templates

Information requested by paragraphs 8.6.2(a) (iii) of the above-mentioned Insurance Rules

- in relation to the consolidated PCC.
- in relation to the non-cellular section (core) and each cell, separately.

IV. Day 1 reporting information

(i) Approval of Day 1 reporting information

Paragraph 41 (1) of Annex I of Chapter 8 of the Insurance Rules issued under the Insurance Business Act (CAP. 403) applicable as from 1st of January 2016 requires an undertaking to ensure that the Day 1 reporting information has been approved by the Board of Directors. In this regard, undertakings are required to submit a scanned copy of the completed declaration form set out in Annex I of this circular together with the Day 1 reporting information, through the MFSA web portal (“LH Portal”) by following the file naming conventions highlighted in the *Note for Information - New web portal for use by Insurance and Reinsurance Undertakings* issued by the MFSA on the 25th of March 2015 and by using the “Type of Report” (TOR) code, QRTA.

Kindly refer to the [Solvency II Circular for Insurance and Reinsurance Undertakings](#) published on the Authority’s website on the 30th of November 2015 for further detail on the Solvency II Day One Reporting requirements.

(ii) Group Day 1 Reporting information

Please be informed that following amendments to the Commission Delegated Regulation, group reporting information (where the Authority is the group supervisor) shall be submitted to the Authority by no later than **26 weeks** after the reference date.

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V. **Results Checking**

The Authority would also like to reiterate the importance of the application of the four-eye principle when submitting results to the Authority.

Any queries in relation to the above should be addressed to the Insurance and Pensions Supervision Unit on ipsu@mfsa.com.mt.

Communications Unit

Malta Financial Services Authority

1st April, 2016

Annex I

Declaration Form – Day 1 reporting

I, the undersigned, confirm that the transitional information has been approved by:

Name

Signature

Director of the undertaking on behalf of the Board of Directors.

Date _____