



Financial Services
Commission

Solvency II

Reporting - Frequently Asked Questions

16 February 2017

Gibraltar Financial Services Commission

This document provides answers to frequently answered questions relating specifically to Solvency II reporting. As these are brought to our attention we will aim to provide responses in a timely manner.

Should you have a query regarding reporting under Solvency II, please contact our Solvency II team at s2@fsc.gi.

In addition to updates of this document, we recommend that firms refer to EIOPA's own Q&A documentation which can be found [here](#) as well as the main [reporting webpage](#) which holds all relevant links to the Solvency II reporting and public disclosure framework.

Frequently Asked Questions

1. QRT S.23.01 Own Funds - Surplus Funds/ Retained Profits

-  There is some confusion as to the definition of “surplus funds” under Solvency II. A PRA paper states that the relevant section in Article 91 of the Solvency II Directive relates specifically to life insurance firms and is therefore allocated separately from “retained earnings” in the Own Funds Template. Can the GFSC confirm that retained profits should instead be included in the reconciliation reserve?
-  The GFSC agrees with the position taken by the PRA. Having reviewed the data available, it appears that the most firms have been correctly submitting the S23.01 Own Funds template with retained profits in the reconciliation reserve.

2. Invoke Query – No formulae on web-based template

-  Some Invoke QRTs appear to have missing formulas. An example was S.23 “Own Funds” not picking up subordinated debts. Furthermore, for one company all the templates failed to extract any formulas. It would be helpful if the GFSC could set out which cells should contain formulas and advise licensees that there may be instances where Invoke fails to extract properly and that they need to be alert to such issues.
-  EIOPA has set out cell definitions within the taxonomy and as a supporting tool we recommend the use of EIOPA's T4U software. Firms may also find the [Annotated Templates](#) that accompany the taxonomy release (2.1) to be of use to them when diagnosing formulae issues.

In this specific case, we believe this error was due to maintenance on the Invoke portal. This issue has since been resolved and we expect that all firms will be able to see calculation formulae in their templates to assist with their completion.

3. Invoke Query – Context tabs defaulting to EUR

-  The “context” tab that supports each template defaults to EUR and cannot be changed. Will this affect the validation and extraction process?
-  This is a very common concern with filers. Non-monetary templates cannot be changed due to a limitation in the Invoke portal. These are the Content of Submission and Basic information templates. All other templates that contain a filer’s monetary data must be changed to match the reporting currency stated in the Basic Information template.

4. S.05.01 Premiums, Claims and Expenses – Investment Income and Non-Technical Expenses

-  On a quarterly basis, a field of this template requires the total technical expenses. On an annual basis, these expenses need to be split into various categories. We note the additional requirement to include investment management expenses. As it is common practice in Gibraltar for all investment income and the related expenses to be allocated to the non-technical account, can the GFSC confirm how these amounts should be reported, if at all, in this template?
-  Both investment management expenses and other ‘non-technical expenses’ are to be entered into S.05.01 by line of business. With regards to the allocation between lines of business, we expect firms to prepare this element on a best endeavours basis. Investment income is to be reported in S.09.01 on an annual basis.

5. S.05.01 Premiums, Claims and Expenses – Year to Date

-  There was a suggestion that this template should be completed on a rolling 12 months basis, although the guidance states it should be on a year-to-date basis.
-  We confirm the EIOPA instructions that accompany template S.05.01 which states “The template is based on a year-to-date basis”. This is not to be confused with S.28.01/02 which requires premium figures on a rolling 12 months basis.

6. S.02.01 Balance Sheet – Cash and Cash Equivalents

-  Clarity is needed as to which items should be included in cash and cash equivalents and which should not. In particular, is there a particular time limit to differentiate (for example funds 1 week or 1 month deposit), and how should deposits be treated if the deposit could be broken, but only with a financial penalty.
-  Per the EIOPA instructions on S.02.01 and the Complementary Identification Code detailed lists available in Annex V, “Deposits other than cash equivalents” are to be those that “that cannot be used to make payments until before a specific maturity date and that are not exchangeable for currency or transferable deposits without

any kind of significant restriction or penalty". "Cash and cash equivalents" on the other hand are to be available "without penalty or restriction". Any specific items that require clarity can be discussed with a firm's supervisor.

7. S.02.01 Balance Sheet – Premium Debtors

- ☐ There is some lack of clarity as to which premium debtors should be set against technical provisions and which should remain on the balance sheet. Guidance appears to indicate that amounts which have fallen due at the valuation date should remain on the balance sheet, whereas amounts not yet due should be set against technical provisions.

We are of the view that "amounts due at the valuation date" should be those which should have been paid by then, i.e. amounts that are effectively overdue at that point in time. Therefore, if brokers have a 60 day payment period, the amounts cannot be due until this period has expired and therefore only items which have not been paid within 60 days should be shown separately on the balance sheet. It would be helpful if the GFSC could clarify that this is the correct interpretation.

- ☐ The main criteria is whether "an amount past-due for payment", where the GFSC's current interpretation is that the due date is that of the relevant contractual arrangement. For instance, where amounts are receivable from intermediaries, this is dependent on the credit terms with the intermediary. Where amounts are received directly from policyholders, it is that of payment terms with the policyholder.

However, the GFSC also considers credit terms as a potential example of standard formula in-appropriateness. Where credit terms are high or terms are extended, there might be the need for a different standard formula treatment or for a capital add-on. In the extreme case where there are no credit terms, the GFSC would consider the full balance to be immediately past-due.

8. S.28.01 Minimum Capital Requirement

- ☐ One of the measures of the MCR is a function of the SCR. Companies will not necessarily recalculate their SCR every quarter. Can the GFSC confirm that the template should use the last calculated SCR?

- ☐ We confirm this is the correct treatment. The EIOPA instructions for S28.01 - C0070/R0310 state, "This is the latest SCR to be calculated and reported in accordance with articles 103 to 127 of Directive 2009/138/EC, either the annual one or a more recent one in case the SCR has been recalculated (e.g. due to a change in risk profile), including capital add on".

9. S.19.01 Claims Information – Reporting of historic information

☰ Clarity is sought from the GFSC as to whether this information needs to be produced historically. In particular it was noted that the claims valuation was required to be on a Solvency II basis, whereas historical information would not have been prepared on this basis.

🌐 The GFSC would like to confirm that the requirements for annual filing with regard to the data required in the instructions for the completion of S.19.01 'Non-Life Insurance Claims Information'.

The instructions state that: "Historical data, starting from the first time application of Solvency II, are required for claims paid and RBNS claims but not for Best Estimate of Claims Provision.

For the compilation of the historical data for claims paid and RBNS claims the same approach concerning the length of triangle for the on-going reporting will be applied (i.e. the shorter between 15+1 years and the undertakings' claims settlement cycle)."

As such firms are required to provide the following:

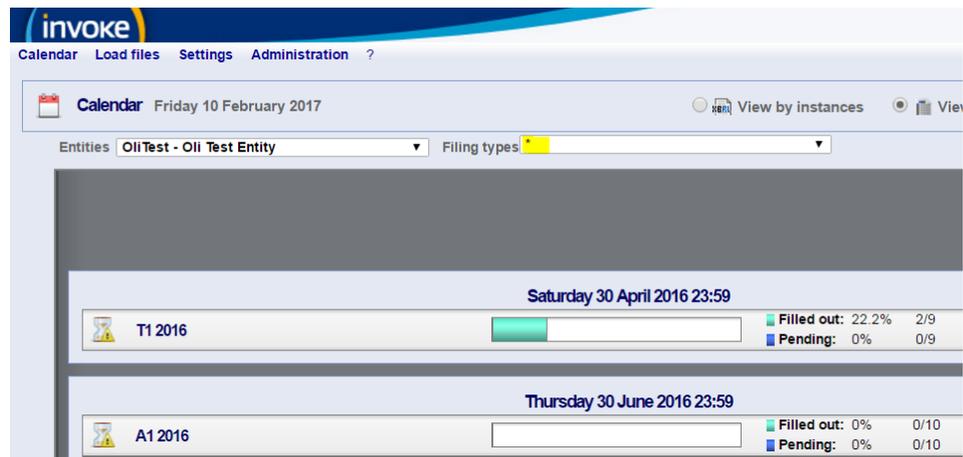
- Historical data, the shorter of 15+1 years and the undertaking's claims settlement cycle' for claims paid and RBNS claims.
- Best Estimate of Claims Provisions from the first application of Solvency II only

The reason for this is that claims paid information has been previously been part of Solvency I reporting and should therefore be available to firms. However, Best Estimates on a Solvency II basis are not necessarily available in all cases.

10. Reporting Deadlines

☰ Where can I see my next reporting deadline?

🌐 Firms can see this information on the Invoke reporting portal. Please select the “*” in the “Filing Types” field, as highlighted below, to see the full reporting calendar for the each year.



The screenshot displays the Invoke reporting portal interface. At the top, the 'invoke' logo is visible, followed by navigation links: 'Calendar', 'Load files', 'Settings', and 'Administration'. The main header shows 'Calendar Friday 10 February 2017' and options for 'View by instances' and 'View'. Below this, there are dropdown menus for 'Entities' (set to 'OliTest - Oli Test Entity') and 'Filing types' (set to '*'). The main content area shows two reporting deadlines:

Deadline	Filing Type	Filled out	Pending
Saturday 30 April 2016 23:59	T1 2016	22.2% (2/9)	0% (0/9)
Thursday 30 June 2016 23:59	A1 2016	0% (0/10)	0% (0/10)