Consultation Paper 89,

Solvency II Data & Reporting Project Manager,

Insurance Supervision,

Central Bank of Ireland,

PO Box 11517,

Spencer Dock,

North Wall Quay,

Dublin 1.

21 January 2015

Re: Consultation Paper 89 (Non-Life National Specific Templates only)

Dear Sir/Madam,

IPB Insurance ("IPB") welcomes the publication of the Consultation Paper on the National Specific Templates ("NSTs") for Insurers and Reinsurers under Solvency II as well as the opportunity to comment on its content.

IPB supports the underlying objective of maintaining effective supervision of insurance undertakings through formally requesting certain information that is specific to the nature of the Insurance Industry in Ireland. We appreciate that the oversight exercised by the Central Bank of Ireland ("Central Bank") is reinforced through it acquiring up to date information, at a level of granularity that will facilitate early identification and monitoring of unusual/negative trends and to pin-point the source of same.

However, IPB has concerns with regard to the **frequency** and **granularity** of the NSTs and by extension the practical and cost implications of delivering the requirements. We believe there is a need to ensure the requirements are proportionate to the nature, scale and complexity of the individual undertaking ensuring they are not unduly onerous in terms of cost or resources.

We also note that a fundamental goal of Solvency II is to achieve a level playing field and a convergent level of policyholder protection. We believe the extensive nature of the proposed additional information requests could be considered contrary to this underlying premise.

Frequency

It is currently proposed that all NSTs will have to be provided on a quarterly basis. For NST.01 and

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NST.07 this is deemed not unreasonable and is to an extent aligned to the information currently provided under Solvency I.

However, the production on a quarterly basis, of NST.03, NST.04, NST.05 and NST.06 pertaining to technical provisions, future cash flows and claims, would represent a significant task over and above that required for IPB's current management or regulatory reporting requirements (both Solvency I and II). We understand that for certain large companies, production of the information on such a regular basis may be necessary and aligned to how a business is run. However, this additional information will not always be of material value to management or the supervisor of a company the size and nature of IPB. That is, producing such information on a quarterly basis will not necessarily provide much additional insight relative to the cost of producing same. It should be noted that liability business represents the most material element of the business of IPB (>90% of technical reserves). For such longer tail lines of business one additional quarter worth of information will not always be sufficiently meaningful to recalculate the technical provisions.

For a Medium High company such as IPB this would prove to be a very onerous and costly task. The production of the technical reserves on an annual basis is sufficient to meet the needs of the Board and Management in governing the company and is aligned to the company's needs for pricing as well as strategic decision making and current Solvency I and II requirements. Producing the additional information on a quarterly basis would be at a significant additional cost and would likely require additional resources.

As is currently proposed, we deem there to be a material misalignment between the information required to run the company in an efficient, cost effective manner and that required for regulatory reporting requirements. IPB proposes that the additional information requested be proportionate to the nature, scale and complexity of the insurance undertaking and that the frequency with which the information is produced is aligned to how the company is run. For IPB this information is produced annually and this is deemed appropriate for running the business. As such we recommend that a clear distinction be made in the requirements to differentiate High impact companies from Medium High impact companies, such as IPB. One example could be that NST.03, NST.04, NST.05 and NST.06 be required on an annual basis for Medium High companies, unless this information is produced on a more frequent basis as part of the on-going management of the undertaking.

Granularity

We understand that there is a balance between obtaining information at additional levels of granularity and having sufficient data to enable material and meaningful analysis. In terms of the more detailed split of information (over and above the current EIOPA templates) we appreciate that this will facilitate a more granular assessment of the underwriting performance of the insurance undertaking and the adequacy of its technical reserves.

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However, we believe the level of granularity requested may well be too detailed, volatile and ultimately provide an output that is quite spurious and of limited benefit to the insurance undertaking and the supervisor. This is especially the case for less material lines of business.

Furthermore, producing the information at such a granular level will be a significant additional cost and this would be of particular concern where this level of granularity does not provide a sufficient volume of data to be credible from an actuarial or supervisory perspective. For example, for Medium High companies we would be concerned that the requirement under CP 89 to split motor reserves into 10 sub categories would, in most cases, deliver results that lack credibility.

Therefore, we recommend that the granularity requested be applied to High impact companies only. Alternatively, IPB recommend that a materiality threshold be built into the NSTs. We suggest that a more appropriate approach is to base it on material lines of business and subcategories only. For example, the detailed split (by sub-lines of business, distribution channel, geography) could be required where the subcategory represents >20% of total business written or reporting by subcategory is required in order to achieve 75% coverage. This thresholds approach would be consistent with the approach that is currently proposed in the recently issued draft Implementing Technical Standards and Guidelines.

Other comments

The income statement split by line of business (NST 01) is one that we understand is necessary for the Central Bank in order to assess, compare and report on insurance undertakings performance across the market.

We would however question the benefit of splitting non-underwriting income and expenses (e.g. investment income and expenses) by line of business. This allocation would be notional, would not provide any additional insight into the performance of the undertaking and would result in inconsistencies in reporting across market participants. We would suggest that the split by line of business would relate to underwriting results only as the underwriting results (and associated underwriting ratios) are the key metrics used to understand and analyse performance.

In summary

We appreciate the Central Bank's need for additional information pertinent to the Irish domestic market. We do request however that Solvency II's proportionality principle be applied and the NST requirements be aligned to the nature, scale and complexity of the business. Where there is a misalignment between how the company is run and how it is supervised there are significant cost implications that we believe are of limited benefit to either party. As a Medium High Impact company the additional requests would pose a very significant burden on resources with limited benefit. Furthermore, the particularly tight quarterly reporting timeframes under Solvency II would

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further exacerbate the challenge and cost of producing the NSTs as currently proposed.

We propose that the request for the information be changed to annual (especially for NST.03, NST.04, NST.05 and NST.06), except where such information is produced as a business as usual process, recognising that this will be dependent on the insurance undertakings current individual reporting process. Furthermore, in terms of the more granular splits of information (lines of business, distribution channel and geography) we propose that this only be required where the subcategory represents a material portion of the business of the insurance undertaking and/or where the undertaking is a High impact undertaking.

We would be happy to meet with you to elaborate on the points which we have made in this submission. In the event that you have any questions or require further information arising from our submission, please do not hesitate to contact me.

Yours sincerely,

Julia Carmichael

Chief Compliance Officer

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