

CONSUMER PROTECTION DIRECTORATE
PRODUCTS AND SELLING PRACTICES DIVISION

Rome

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To the insurance undertakings with head office in Italy pursuing life business
TO THEIR PREMISES

To the Italian branches of insurance undertakings pursuing life business in Italy whose head offices are in a non EEA country
TO THEIR PREMISES

RE: Development of a risk-based model of supervision over the market conduct of undertakings - use of some data contained in the supervisory reporting for prudential purposes (including QRT) and relevant indications and clarifications.

At the European level the supervisory action for consumer protection is moving towards the development of risk-based models of analysis of insurance undertakings' market conduct, aimed to identify in advance any phenomenon that may be detrimental to policyholders. Within the framework of similar in-depth examinations that are being undertaken in Europe under the aegis of EIOPA, we are developing a system of *retail risk indicators* intended to direct and prioritize supervisory action on individual undertakings

In this regard we draw the above undertakings' attention on the fact that, when providing information starting from the reporting as at 31 December 2018, consistency and quality of the following data must be ensured:

- *template* S.05.01
 - Premiums written – Gross – Direct business (row R0110);
 - Premiums earned – Gross – Direct business (R0210);
 - Claims incurred – Gross – Direct business (R0310);

- Expenses incurred (R0550);
 - Administrative expenses – Gross – Direct business (R0610);
 - Investment management expenses – Gross – Direct business (R0710);
 - Claims management expenses – Gross – Direct business (R0810);
 - Acquisition expenses – Gross – Direct business (R0910);
 - Overhead expenses – Gross – Direct business (R1010);
 - Other expenses (R1200);
 - Premiums written – Gross (R1410);
 - Claims incurred – Gross (R1610);
 - Expenses incurred (R1900);
 - Administrative expenses – Gross (R1910);
 - Investment management expenses – Gross (R2010);
 - Claims management expenses – Gross (R2110);
 - Acquisition expenses – Gross (R2210);
 - Overhead expenses – Gross (R2310);
 - Other expenses (R2500);
 - Total amount of surrenders (R2700);
- *template* S.12.01
 - Surrender value (R0300);
 - *template* S.20.01
 - Gross RBNS Claims – Year N (row R0170);
 - rates of return, minimum guaranteed rates and value of provisions reported pursuant to ISVAP Regulation no. 38/2011, to ISVAP Order no. 2254/2004 and to the letter to the market dated 30 May 2013 “Investigation into exposure to interest rate risk of insurance undertakings exercising life business”.

Moreover, also in light of the amendments introduced by Commission Implementing Regulation (EU) no. 2017/2189 and by the instructions provided by EIOPA within the Q&A on reporting¹, please find below the following instructions for filling in *template* S.14.01:

¹ <https://eiopa.europa.eu/Pages/Guidelines/Q-and-A-on-Regulation-Answers-Commission-Implementing-Regulations.aspx>

- C0010 - Product ID code
If the same product is to be reported in more than one row, the content of C0010 (and C0090) must comply with the specific layout under Annex II of Implementing Regulation (EU) no. 2015/2450 as modified by Implementing Regulation (EU) no. 2017/2189: { ID code of product }+/{number of the version}. With particular regard to products reported in more than one row, such as hybrid products, the number of the version must be followed by letters identifying the various components (for ex. a hybrid product linked to a segregate fund or to an internal fund shall be indicated with {product identification code}+/{1a} for the part linked to a segregate fund and with {product identification code}+/{1b} for the part linked to an internal fund);
- C0020 – Fund number
for products linked to a segregate fund the field must show the unique code assigned by the undertaking (“Gesecode” of the G001 file referred to in ISVAP Regulation no. 38 of 3 June 2011) and for those linked to internal funds the unique identification code assigned by the undertaking (serial number of the fund as per Annex 3 of Regulation 36/2011²);
- C0040 and C0050 – Number of contracts
For the products reported in more than one row, the number of contracts should be reported in all the rows indicated, as specified in Annex II of Implementing Regulation (EU) 2015/2450 as amended by Implementing Regulation (EU) 2017/2189;
- C0080 – Country
the codes ISO 3166-1 alpha-2 must be used; for example, for the contracts concluded in Italy the code “IT” must be reported instead of words such as ITA, Italia or Italy;
- C0110 – Type of product
The code to be reported is “codCategoria” referred to in Annex A of Order no. 3 of 21 May 2013 followed by the description of the product (i.e. 100

² Although ISVAP Regulation no. 36/2011 has been repealed by IVASS Regulation no. 24/2016, the statements envisaged in Annex 3, modules 1, 2 and 3, for life business and Annex 3, module 4, for non-life business remain valid, as set out in the clarifications of 18 August 2017 pending the issuing of the new IT instructions not yet available to the market.

Mixed). In particular in the case of hybrid products and/or Individual Savings Plans (PIR) the following descriptions must be used:

- o 310 Whole Life Hybrid Policies (other than PIR or PIP)
 - o 320 Hybrid Policies other than Whole Life Policies (other than PIR or PIP)
 - o 910 Whole Life PIR (other than Hybrid Policies)
 - o 920 PIR other than Whole Life Policies (other than Hybrid Policies)
 - o 930 Whole Life Hybrid PIR
 - o 940 Hybrid PIR other than Whole Life Policies;
- C0120 – Product denomination

the commercial name of the product must be reported; in the case of different editions of the same product it is followed by the identification of the edition (for example year, month_year). Where the commercial name of the product is absent a brief description should be provided.

We draw the attention of the above undertakings and in particular of the administrative body and of the persons responsible for drafting and reviewing any reporting to IVASS on the adequacy and effectiveness of the control systems for information to be provided to IVASS so as to ensure that the information is correct, complete and consistent.

We are of course ready to discuss any issue with the single undertakings and provide any useful clarification and support on the content of this letter: to this end you can contact the Products and Selling Practices Division of IVASS at the address divisione.prodottiepratichedivendita@ivass.it.

Best regards.

By delegation
of the Joint Directorate