

REGULATION NO. 33 OF 6 DECEMBER 2016

(only the Italian version is authentic)

REGULATION CONCERNING INFORMATION TO THE PUBLIC AND TO IVASS AS SET FORTH IN TITLE III (PURSUIT OF INSURANCE BUSINESS), AND IN PARTICULAR IN CHAPTER IV-TER (DISCLOSURE AND SUPERVISORY REVIEW PROCESS), ARTICLES 47-QUATER, 47-OCTIES, 47-NOVIES, 47-DECIES, 190, 191, 216-OCTIES, 216-NOVIES OF LEGISLATIVE DECREE NO. 209 OF 7 SEPTEMBER 2005 - CODE OF PRIVATE INSURANCE - AS AMENDED BY LEGISLATIVE DECREE NO. 74 OF 12 MAY 2015 - FOLLOWING THE NATIONAL IMPLEMENTATION OF THE EIOPA GUIDELINES ON PUBLIC DISCLOSURE AND SUPERVISORY REPORTING

THE INSURANCE SUPERVISORY AUTHORITY

HAVING REGARD to law no. 576 of 12 August 1982, on the reform of insurance supervision and the setting up of ISVAP;

HAVING REGARD to Article 13 of decree law no. 95 of 6 July 2012, converted into law no. 135 of 7 August 2012, concerning urgent measures for the review of public spending with unchanged services for citizens and establishing IVASS;

HAVING REGARD to legislative decree no. 209 of 7 September 2005, introducing the Code of Private Insurance, as amended by legislative decree no. 74 of 12 May 2015 implementing directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance and, in particular, articles 47-*quater*, 47-*octies*, 47-*novies*, 47-*decies*, 190, 191, 216-*octies* and 216-*novies*;

HAVING REGARD to the Commission delegated regulation (EU) 2015/35 of 10 October 2014 supplementing directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance and, in particular, articles from 290 to 298, from 305 to 311, 314, 359, 365, 372, from 375 to 377 and annex XX;

HAVING REGARD to Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with Directive 2009/138/EC of the European Parliament and of the Council;

HAVING REGARD to 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 in accordance with Directive 2009/138/EC of the European Parliament and of the Council;

HAVING REGARD to the EIOPA Guidelines on:

- supervisory reporting and public disclosure;
- on the methods for determining market shares for disclosure purposes;
- supervisory review process;

HAVING REGARD to IVASS Regulation no. 3 of 5 November 2013 implementing Article 23 of law no. 262 of 28 December 2005 on the procedures for the adoption of IVASS' regulatory and general acts;

adopts the following:

REGULATION

INDEX

Chapter I – General provisions

- Art. 1 (Legislative sources)
- Art. 2 (Definitions)
- Art. 3 (Scope)
- Art. 4 (General provisions on groups)

Chapter II - Solvency and financial condition report: policy and content

Section I – Written policy on the solvency and financial condition report

- Art. 5 (Policy on public disclosure)

Section II – Content of the solvency and financial condition report

- Art. 6 (Obligations to be fulfilled by specific parties)
- Art. 7 (Business and performance)
- Art. 8 (System of governance)
- Art. 9 (Risk profile)
- Art. 10 (Valuation for solvency purposes – general aspects)
- Art. 11 (Valuation for solvency purposes – business)
- Art. 12 (Valuation for solvency purposes – technical provisions)
- Art. 13 (Valuation for solvency purposes – liabilities other than technical provisions)
- Art. 14 (Capital management – own funds)
- Art. 15 (Capital management – group specificity)
- Art. 16 (Capital management – differences between the standard formula and internal models)

Chapter III - Regular reporting to IVASS: policy, content, limitations and exemptions

Section I – Written policy on the information to be disclosed to IVASS

- Art. 17 (Written policy on the information to be disclosed to IVASS)

Section II – Content of the regular report to IVASS

- Art. 18 (Obligations to be fulfilled by specific parties)
- Art. 19 (Business and performance)

- Art. 20 (System of governance)
- Art. 21 (Risk profile)
- Art. 22 (Risk profile – group specificity)
- Art. 23 (Valuation for solvency purposes – business)
- Art. 24 (Valuation for solvency purposes – technical provisions)
- Art. 25 (Valuation for solvency purposes – off-balance sheet items)
- Art. 26 (Capital management)

Section III – Additional information

- Art. 27 (Supplements)

Section IV– Limitations and exemptions

- Art. 28 (Limitations to the obligation to report with a frequency shorter than one year)
- Art. 29 (Limitations or exemptions from the obligation to report on an item-by-item basis)
- Art. 30 (Limitations or exemptions for companies belonging to groups)
- Art. 31 (Notification of frequency of the regular supervisory report to IVASS)

Chapter IV - Information in case of pre-defined events

- Art. 32 (Regular information to be reported to IVASS upon occurrence of pre-defined events)

Chapter V - Public disclosure and supervisory reporting processes and procedures

- Art. 33 (Exemption from the obligation to disclose information)
- Art. 34 (Prohibition on confidentiality agreements)
- Art. 35 (Use of references to other information in the solvency and financial condition report)
- Art. 36 (Single solvency and financial condition report)
- Art. 37 (Format and controls of quantitative reporting templates)
- Art. 38 (Regular supervisory report to IVASS: references to other documents)
- Art. 39 (Approval of information submitted to IVASS)

Chapter VI – Transitional and final provisions

- Art. 40 (Transitional provisions)
- Art. 41 (Publication)
- Art. 42 (Entry into force)

Chapter I - General provisions

Art. 1 (Legislative sources)

1. This Regulation has been adopted in compliance with Articles 47-quater, 47-octies, 190, 191 (1, b) 3), 216-octies and 216-novies of legislative decree no. 209 of 7 September 2005, as amended by legislative decree no. 74 of 12 May 2015.

Art. 2
(Definitions)

1. For the purpose of this Regulation the definitions laid down in legislative decree no. 209 of 7 September 2005 and in the Commission Delegated Regulation 35/2015, shall apply. In addition, the following definitions have been developed:
 - a) “Delegated acts” shall mean: the Commission Delegated Regulation 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance;
 - b) “Code” shall mean: legislative decree no. 209 of 7 September 2005, as amended by legislative decree no. 74 of 12 May 2015;
 - c) “Directive” shall mean: directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 (Solvency II);

Art. 3
(Scope)

1. This Regulation shall apply to:
 - a) insurance and reinsurance undertakings having their head office in the territory of the Italian Republic;
 - b) the ultimate Italian parent undertaking referred to in article 210 (2) of the Code.
 - c) branches in Italy of insurance and reinsurance undertakings whose head offices are in a third country.

Art. 4
(General provisions on groups)

1. In accordance with the provisions of articles 359 and 372 of the Delegated Acts, these provisions shall apply, unless otherwise expressly indicated, to the group solvency and financial condition report and to the group regular supervisory report to IVASS.

CHAPTER II - Solvency and financial condition report: policy and content

Section I – Written policy on the solvency and financial condition report

Art. 5
(Policy on public disclosure)

1. The written policy on public disclosure referred to in paragraph 5 of Article 30 of the Code shall include at least the following information:
 - a) identification of the persons/functions responsible for preparing and reviewing the information publicly disclosed;
 - b) the processes for complying with the information requirements as well as for the identification of the information that may be exempted pursuant to Article 47-octies (1) of the Code;
 - c) the processes for review and approval by the administrative body of the solvency and financial condition report;

- d) identification of the information already available in the public domain that is believed to be equivalent in nature and scope to the information requirements in the solvency and financial condition report;
 - e) indication of the additional information that the undertaking might voluntarily disclose under Article 47-novies (5) of the Code.
2. The ultimate Italian parent undertaking referred to in article 210 (2) of the Code shall include the details under paragraph 1 in the written policy on public disclosure also with reference to the group's solvency and financial condition report.

Section II – Content of the solvency and financial condition report

Art. 6

(Obligations to be fulfilled by specific parties)

1. The insurance and reinsurance undertaking with head office in the territory of the Italian Republic, participating in, at least, an insurance or reinsurance undertaking with head office in a EU member State or in a third State and subject to the obligation to calculate the capital adequacy at group level in accordance with Article 216-ter of the Code and related implementation provisions and with Title II, Chapter I of the Delegated Acts, shall integrate its solvency and financial condition report with relevant information on the calculation of capital adequacy for the group.
2. The insurance and reinsurance undertaking with head office in the territory of the Italian Republic, controlled by an insurance holding company or a mixed financial holding undertaking with head office in another EU member State or in a third State and subject to the obligation to calculate the capital adequacy at group level in accordance with Article 216-ter (1) of the Code and related implementation provisions and with Title II, Chapter I of the Delegated Acts, shall integrate its solvency and financial condition report with relevant information on the calculation of capital adequacy for the group.
3. The obligation relating to the supplementary information referred to in paragraphs 1 and 2 may be fulfilled in accordance with the timeline established by the Delegated Acts for the group reporting.
4. The branches of insurance and reinsurance undertakings whose head offices are in a third State shall submit IVASS their solvency and financial condition report together with the regular supervisory report.

Art. 7

(Business and performance)

1. Under section “A.1 Business”, the solvency and financial condition report shall include, in addition to the information envisaged in Article 293 of the Delegated Acts, at least the following information:
 - a) the name and head office of the legal persons or the name and domicile of the natural persons that are direct or indirect holders of qualifying holdings in the undertaking, with the indication of the relevant proportion of ownership interest held and, if different, the proportion of voting rights held;

- b) a list of subsidiaries, related undertakings or undertakings managed on a unified basis, including the name, legal form, State in which the head office is situated, proportion of ownership interest held and, if different, proportion of voting rights held;
 - c) a graphic representation of the structure illustrating the undertaking's position within the group, highlighting the ownership structure and the relations with qualified shareholders and with all the counterparties of intra-group transactions.
- 2. Under section "A.2 Underwriting performance", the undertaking shall refer to the areas of business defined in Annex I of the Delegated Acts, in accordance with the content of the quantitative reporting template S.05.01 as defined in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015.
 - 3. Under section "A.4. Performance of other activities", the solvency and financial condition report shall include, apart from the information envisaged in Article 293 of the Delegated Acts, a description of the material leasing arrangements, separately for financial and operating leases.
 - 4. Under section "A.1 Business", the group's solvency and financial condition report shall include, apart from the information envisaged in Articles 293 and 359 of the Delegated Acts, a description of the main differences between the scope of the consolidated accounts drawn up in accordance with Article 95 of the Code and the scope considered for the calculation of the group solvency in accordance with Article 216-ter of the Code and related implementation provisions and with Title II, Chapter I of the Delegated Acts.

Art. 8
(System of governance)

- 1. Under section "B.1 General information on the system of governance", the solvency and financial condition report shall include, apart from the information envisaged in Article 294 of the Delegated Acts, an explanation of how:
 - a) the key functions have the necessary authority, resources and functional independence from operational areas or units;
 - b) coordination is ensured between administrative and supervisory bodies and the risk management, compliance, internal audit and actuarial functions;
 - c) the key functions report to and advise the administrative or supervisory bodies.
- 2. Under section "B.3 Risk management system including the own risk and solvency assessment", when an internal model is used to calculate the solvency capital requirement, the solvency and financial condition report shall include, apart from the information envisaged in Article 294 of the Delegated Acts, also the following information addressing the governance of the internal model:
 - a) indication of the responsible roles, specifying their tasks, position and scope of responsibilities;
 - b) how existing specific committees, if any, interact with the administrative body in order to meet the requirements of Article 46-quinquies of the Code;
 - c) information on any material changes to the internal model governance during the year;
 - d) the description of the validation processes used to monitor the performance and on-going appropriateness of the internal model.

Art. 9
(Risk profile)

1. Under section “C.1 Underwriting risk”, the solvency and financial condition report shall include, apart from the information envisaged in Article 295 of the Delegated Acts, also the following information concerning the transfer of risks to special purpose vehicles:
 - a) the description of the risks that are transferred;
 - b) the characteristics of the special purpose vehicles to which risks are transferred, including the details of the authorisation pursuant to Article 57-bis of the Code and Article 318 of the Delegated Acts and how the fully funded principle is monitored on an ongoing basis pursuant to Article 319 of the Delegated Acts .

Art. 10
(Valuation for solvency purposes – general aspects)

1. Under sections “D.1 Assets” and “D.3 Other liabilities”, the solvency and financial condition report shall include, apart from the information envisaged in Article 296 of the Delegated Acts, a description, for each material class, of how the aggregation into classes has considered the nature, function, risk and materiality of those assets and liabilities other than technical provisions.
2. To ensure consistency with quantitative information, the undertaking shall avoid using classes other than those used in the balance sheet quantitative template S.02.01 as defined in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015, unless the undertaking is able to demonstrate that another presentation is clearer and more relevant.

Art. 11
(Valuation for solvency purposes – business)

1. Under section “D.1 Assets”, the solvency and financial condition report shall include, apart from the information envisaged in Article 296 of the Delegated Acts and in Article 10, a description, for each material class, of:
 - a) the criteria and methods for the recognition and valuation, including the input data used;
 - b) the assumptions and methodologies used to estimate the impact of the main sources of uncertainty and the discretionary assessments which would materially affect the amounts recognised;
 - c) any changes made to the criteria and methods for the recognition and valuation during the reporting period and the reasons underlying these changes.
2. The report shall also include additional information for the following classes of assets, where material:
 - a) for material intangible assets: if their value is other than zero, a description of their nature and of the evidence and criteria used to identify active markets for the same of similar assets;
 - b) for material financial assets: information on the criteria used to assess whether markets are active and, if the markets are inactive, a description of the valuation methods used; Moreover, if the input data used are not based on observable market values, a

description of the sensitivity analyses of the values recognised in the balance sheet compared to the assumptions on non observable inputs;

- c) separately for financial and operating leases: a description in general of the leasing arrangements in relation to each material class of assets subject to leasing arrangement, of the revenues and obligations arising from them, specifying whether the leasing arrangement involves the transfer of ownership of the property in question;
- d) for material deferred tax assets:
 - i. information on the origin of their recognition;
 - ii. the amount and expiry date, if applicable, of deductible temporary differences;
 - iii. information on unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet and on the reasons behind it;
- e) for related undertakings: where appropriate, an explanation of the reasons for using valuation methods different from the method based on quoted market prices in an active markets or the adjusted equity method.

Art. 12

(Valuation for solvency purposes – technical provisions)

1. Under section “D.2 Technical provisions”, the solvency and financial condition report shall include, apart from the information envisaged in Article 296 of the Delegated Acts, a description of the main simplified methods used to calculate technical provisions, including those used for calculating the risk margin.

Art. 13

(Valuation for solvency purposes – liabilities other than technical provisions)

1. Under section “D.3 Other liabilities”, the solvency and financial condition report shall include, apart from the information envisaged in Article 296 of the Delegated Acts and in Article 10, a description, for each material class of liabilities other than technical provisions, of:
 - a) the criteria and methods for the recognition and valuation, including the input data used;
 - b) the assumptions on the main sources of uncertainty and the discretionary assessments which would materially affect the amounts recognised;
 - c) any changes made to the criteria and methods for the recognition and valuation during the reporting period and the reasons underlying these changes.
2. The report shall also include additional information for the following classes of liabilities, where material:
 - a) separately for financial and operating leases: a description of the main obligations arising from leasing arrangements, with specification of the finance lease transactions involving transfer to the lessee of most of the risks and benefits pertaining to the leased property;
 - b) for deferred tax liabilities:
 - i. information on the origin of their recognition;
 - ii. the amount and expiry date, if applicable, of deductible temporary differences;

- iii. information on tax losses and tax credits for which no deferred tax liability is recognised in the balance sheet and on the reasons behind it;
- c) as regards the obligation, the nature of the obligation and, if known, expected timing of any outflows and an indication of uncertainties surrounding the amount or timing of the outflows and how these uncertainties were taken into account in the valuation;
- d) as regards the liabilities for employee benefits by employers:
 - i. for each category of benefits, a description of their nature, amounts, methodologies, demographic assumptions and input data used for their valuation;
 - ii. as regards defined benefit plans, a general description of the plan, of the nature and value of the plan assets for each class of assets and the percentage of each class of assets with respect to the total plan assets, including reimbursement rights.

Art. 14

(Capital management – own funds)

1. Under section “E.1 Own funds”, the solvency and financial condition report shall, apart from the information envisaged in Article 297 of the Delegated Acts, include also:
 - a) a description of each material own fund item set out in Articles 69, 72, 74, 76 and 78 of the Delegated Acts, as well as of the items that received IVASS’ approval as per Article 79 of the Delegated Acts, distinguishing between basic and ancillary items;
 - b) for each material own fund item, the extent to which it is available, subordinated, as well as its duration and any other features that are relevant for assessing its quality;
 - c) an analysis of significant changes in own funds during the reporting period, including the value of own fund items issued during the year, the value of instruments redeemed during the year, and the extent to which the issuance has been used to fund redemption;
 - d) in relation to subordinated liabilities, an explanation of the changes to their amounts;
 - e) when disclosing the information required in Article 297 (1) (c) of the Delegated Acts, a description of the restrictions to available own funds and the impact on eligible restricted Tier 1 capital, Tier 2 capital and Tier 3 capital;
 - f) details of the loss absorbency mechanism used to comply with Article 71 (1)(e) of the Delegated Acts, including the trigger point, and its effects;
 - g) an explanation of the key elements of the reconciliation reserve;
 - h) for each basic own fund item subject to the transitional arrangements, an indication of the following:
 - i. the tier into which each basic own fund item has been classified and why;
 - ii. the next call date and any subsequent call dates, or the fact that no call dates fall until after the end of the transitional period;
 - i) when disclosing the information required in Article 297 (1, g) of the Delegated Acts, information on the type of arrangement according to which each ancillary own fund item, on being called up or once the conditions laid down in the arrangement are satisfied, would become a basic own funds item and the nature of the latter, including the tier, the date when the ancillary own fund item was approved by the supervisory authority and, where a method was approved, for how long;

- j) where a method has been used to determine the amount of a material ancillary own fund item, the undertaking shall describe:
 - i. how the valuation provided by the method has varied over time;
 - ii. the inputs to the methodology which have been the drivers for the change in the valuation referred to under i.;
 - iii. the extent to which the amount calculated is affected by past experience, including the outcome of past calls;
 - k) regarding items deducted from own funds:
 - i. the total excess of assets over liabilities within ring-fenced funds and matching adjustment portfolios, identifying the amount for which an adjustment is made in determining available own funds;
 - ii. the extent of and reasons for significant restrictions on, deductions from or encumbrances of own funds.
2. In the same section, the solvency and financial condition report shall illustrate the calculation methods and the meaning of any solvency ratios that the undertaking decides to disclose in addition to those included in the quantitative reporting template S.23.01 on own funds as set forth in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015.

Art. 15

(Capital management – group specificity)

1. Under section “E.1 Own funds”, the solvency and financial condition report shall include, apart from the information envisaged in Articles 297 and 359 of the Delegated Acts, also the following information concerning own funds at the group level:
- a) the characteristics of the own funds items that have been issued by an undertaking of the group other than the ultimate Italian parent undertaking referred to in article 210 of the Code;
 - b) where material own funds are issued by a third country parent or related insurance or reinsurance undertaking and the eligibility conditions referred to in Article 216-sexies (1, e) second sentence of the Code and related implementing provisions are satisfied, in terms of equivalent systems and use of the calculation criteria of this third country, the description of the tiering system of those own funds items, including information on the tiering structure, criteria and limits;
 - c) where material own funds items are issued by an undertaking belonging to another financial sector and, as such, subject to the tiering requirements envisaged by sectoral regulations, the description of the source, nature and criteria of this tiering structure for own funds, as well as the amount of own funds broken down by tier;
 - d) how group own funds have been calculated taking account of intra-group transactions, including those with entities of other financial sectors;
 - e) the nature of the restrictions to the transferability and fungibility of own funds items in subsidiaries or related undertakings, if any.

Art. 16

(Capital management – differences between the standard formula and internal models)

1. Under section “E.4 Differences between the standard formula and any internal model used”, when disclosing the main differences in methodologies and underlying assumptions used in the standard formula and in the internal model, the solvency and financial condition report shall, apart from the information envisaged in Article 297 of the Delegated Acts, describe the following:
 - a) the structure of the internal model;
 - b) the aggregation methodologies and diversification effects of the internal model;
 - c) the risks not covered by the standard formula but covered by the internal model.

Chapter III - Regular reporting to IVASS: policy, content, limitations and exemptions

Section I – Written policy on the information to be disclosed to IVASS

Art. 17

(Written policy on the information to be disclosed to IVASS)

1. The written policy on the information to be disclosed to IVASS, as defined in Article 30 (5) of the Code, shall be approved by the administrative body and include at least the following information:
 - a) identification of the persons or functions responsible for preparing and reviewing the information to be disclosed to IVASS;
 - b) set out processes and timelines for completion of the various reporting requirements, review and approval;
 - c) explanation of processes and controls for ensuring the reliability, completeness and consistency of the data provided, facilitating the analysis and comparison throughout the years.
2. The ultimate Italian parent undertaking referred to in article 210 (2) of the Code shall include the details under paragraph 1 in the policy on the information to be disclosed to IVASS also with reference to the group’s information.

Section II – Content of the regular supervisory report to IVASS

Art. 18

(Obligations to be fulfilled by specific parties)

1. The insurance and reinsurance undertaking with head office in the territory of the Italian Republic, participating in, at least, an insurance or reinsurance undertaking with head office in a EU member State or in a third State and subject to the obligation to calculate the capital adequacy at group level in accordance with Article 216-ter of the Code and related implementation provisions and with Title II, Chapter I of the Delegated Acts, shall integrate its regular supervisory report to IVASS with relevant information on the calculation of capital adequacy for the group.
2. The insurance and reinsurance undertaking with head office in the territory of the Italian Republic, controlled by an insurance holding company or a mixed financial holding undertaking with head office in another member State or in a third State and subject to the obligation to calculate the capital adequacy at group level in accordance with Article 216-

ter (1) of the Code and related implementation provisions and with Title II, Chapter I of the Delegated Acts, shall integrate its regular supervisory report to IVASS with relevant information on the calculation of capital adequacy for the group.

3. The obligation relating to the supplementary information referred to in paragraphs 1 and 2 may be fulfilled in accordance with the timeframes for group reporting. The obligation does not apply in case of agreement in the college of supervisors as per Article 6 (4) of the provisions implementing Article 216-ter of the Code.

Art. 19

(Business and performance)

1. Under section “A.1 Business”, the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 307 of the Delegated Acts, at least the following information:
 - a) the number of full time or equivalent employees;
 - b) a list of all branches.
2. Under section “A.2 Underwriting performance”, the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 307 of the Delegated Acts, at least the following information on risk mitigation techniques related to underwriting activities:
 - a) the impact of the risk mitigation techniques on underwriting performance, broken down by class of business under *Solvency II*, in accordance with the content of the quantitative reporting template S.05.01 as defined in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015;
 - b) the effectiveness of the risk mitigation techniques.

Art. 20

(System of governance)

1. Under section “B.1. General information on the system of governance”, the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 308 of the Delegated Acts, also the following information:
 - a) the detailed description of the internal organisational structure, including an organisational structure chart, and of the positions of key function holders;
 - b) the modalities of the self-evaluation process of the administrative body and any corrective measures taken for improvement, also taking into account the level of professionalism of directors with respect to the operations and risk profile of the undertaking;
 - c) the measures taken to monitor the interests of directors in the undertaking's operations on which they are called upon to decide, the related party transactions and conflicts of interest in general;
 - d) with regard to the material changes in the system of governance to be reported in accordance with Article 294 (1, b) of the Delegated Acts, any changes that may have been made to the corporate organisational chart and the system of delegating powers, already communicated to IVASS;

- e) how the undertaking's remuneration policy and practices are consistent with and promote sound and effective risk management and do not encourage the taking of risks exceeding the tolerance limits established in the risk management policy.
2. Under section "B.3 Risk management system including the own risk and solvency assessment", the regular supervisory report to IVASS shall, apart from the information envisaged in Article 308 of the Delegated Acts, also explain in detail:
- a) how the strategies, objectives, processes and reporting procedures of the undertaking's risk management system for each separate category of risk are documented, monitored and enforced;
 - b) in the cases where there is an outsourcing agreement that limits the reporting of information on the external rating and nominated ECAI in the quantitative reporting templates, the procedures implemented to guarantee on a continuous basis that the requirements on investments are complied with and that all relevant information underlying the investment portfolio is taken into account in the risk management;
 - c) the nature and appropriateness of the key data used in internal models as well as the process for checking data quality.
3. Under section "B.1. General information on the system of governance", the regular supervisory report to IVASS shall include, apart from the information envisaged in Articles 308 and 372 of the Delegated Acts, also the following information:
- a) a description of the processes for the calculation of the group solvency and of the calculation method used, in particular with regard to the methods and processes in place to prepare the data used in the calculation;
 - b) information on the bases, methods and assumptions used at group level for the valuation for solvency purposes of the group's assets and liabilities other than technical provisions in particular with regard to the valuation of data from third country undertakings and non-regulated undertakings;
 - c) the instructions given to the group companies by the ultimate Italian parent undertaking referred to in article 210 (2) of the Code;
 - d) the coordination systems between the corporate bodies and the risk management, compliance, internal audit and actuarial functions of the group, and between the latter and the relevant bodies and functions of the individual undertakings of the group;
 - e) the measures taken in order to implement IVASS' provisions relating to groups;
 - f) checks conducted on group companies, their outcome and any measures adopted, including inspection activity to verify compliance by individual group member companies with the measures adopted pursuant to IVASS provisions.

Art. 21
(Risk profile)

1. Under section "C.6 Other material risks", the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 309 of the Delegated Acts, also the following information:
- a) a description of how the use of derivatives contribute to the reduction of risks or to an efficient portfolio management;

- b) a detailed description of the impact on the calculation of the Solvency Capital Requirement, if material, of reinsurance and financial risk mitigation techniques and future management actions and how these have met the criteria for their recognition in the above-mentioned calculation;
- c) a description of the underwriting model chosen where the undertaking selected 'Other' in item "C0140 - Type of underwriting model" in the quantitative reporting template S.30.03 as set forth in the Commission Implementing Regulation (EU) 2015/2450 of 2 December 2015;
- d) a summary of the policy on intra-group transactions including the description of the criteria used for the identification of those to be reported in accordance with Article 216 of the Code and related implementation provisions, with specific evidence of the limits and operations envisaged for the transactions carried out with controlling entities and their subsidiaries not falling within the scope of the group solvency calculation in accordance with Article 216-ter of the Code and related implementation provisions. For each intra-group transaction performed information shall be provided on:
 - i. the amount of the transactions;
 - ii. the amount of outstanding balances, if any;
 - iii. terms and conditions of the transactions.

Art. 22

(Risk profile – group specificities)

1. Under section "C.6 Other material risks", the group regular supervisory report to IVASS submitted by the ultimate Italian parent undertaking referred to in article 210 (2) of the Code, shall include, apart from the information envisaged in Articles 309 and 372 of the Delegated Acts, also a summary of the guidelines on intra-group transactions including the description of the criteria used for the identification of those to be reported in accordance with Article 216 of the Code and related implementation provisions, with specific evidence of the limits and operations envisaged for the transactions carried out with controlling entities and their subsidiaries not falling within the scope of the group for the calculation of the group solvency in accordance with Article 216-ter of the Code and related implementation provisions. For each intra-group transaction performed a description shall be provided of:
 - a) the commercial rationale for the transaction;
 - b) for each party concerned, the risks and rewards resulting from the transaction;
 - c) any particular aspects of the transaction that are, or may become, disadvantageous to either party;
 - d) any conflicts of interest that may have arisen in negotiating or executing the transaction, and any potential conflicts of interest that may arise in the future;
 - e) if the transaction is linked to other transactions in terms of timing, function and planning, the effect of each transaction and the overall net impact on each party to the transaction and on the group;
 - f) whether the transaction is depending on a winding-up and, if so, the circumstances in which it can be executed.
2. Under section "C.6 Other material risks", the group regular supervisory report to IVASS submitted by the ultimate Italian parent undertaking referred to in article 210 (2) of the

Code, shall include, apart from the information envisaged in Articles 309 and 372 of the Delegated Acts, also the following information on any risk concentration at the level of the group to be reported in accordance with Article 215-quater of the Code and related implementation provisions, including:

- a) a summary of the policy on risk concentration at group level including the description of the criteria used in the identification of risk concentrations to be reported in accordance with Article 215-quater of the Code;
- b) the description of the risks and of the probability of risks materialising;
- c) an assessment of the group's maximum exposure in a worst case scenario;
- d) an indication of the mitigation actions and of their impact on the group's maximum exposure;
- e) the analysis and quantification of the risk concentrations for each undertaking exposed and for each line of business of the same undertaking;
- f) consistency with the group's business model, risk appetite and strategy, including compliance with the limits set by risk management processes and policies and by the internal control system of the group;
- g) whether losses arising from risk concentrations affect the overall profitability of the group or its short-term liquidity;
- h) the relationship, correlation and interaction between risk factors across the various entities of the group and any potential spill over effects from risk concentrations in a particular line of business;
- i) quantitative information about the risk concentration and the effect on the undertaking and the group and the effect of reinsurance contracts;
- j) whether the item concerned is an asset, a liability or an off-balance sheet item.

Art. 23

(Valuation for solvency purposes – business)

1. Under section “D.1 Business”, the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 310 of the Delegated Acts, at least the following information:
 - a) when material deferred tax assets are recognised, a description of how the undertaking assesses the probability of future taxable profits, where applicable, and identifies the amount and expected time horizons for reversal of temporary differences;
 - b) where they were not able to provide a maximum value on any unlimited guarantees reported in the quantitative reporting template S.30.03 as set forth in the Commission Implementing Regulation (EU) 2015/2450 of 2 December 2015.

Art. 24

(Valuation for solvency purposes – technical provisions)

1. Under section “D.2 Technical provisions”, the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 310 of the Delegated Acts, at least the following information relating to the calculation of technical provisions:

- a) a detailed description of the actuarial methodologies and assumptions used, including details of any simplifications adopted, in calculating the future premiums and risk margin and its allocation to the single lines of business;
 - b) a description of the reasons supporting the adequacy of the methods chosen and of any material changes made to such methods in respect of the nature, scale and complexity of the undertaking's risks;
 - c) an explanation of the contract boundaries applied to each line of business and details of any existing contracts that include significant renewals;
 - d) details of the key options and guarantees, of their impact on the calculation of the technical provisions and of how they are evolving;
 - e) a summary of any material changes in the level of technical provisions since the last report, including the reasons, especially the rationale of material changes to the assumptions adopted;
 - f) material changes in lapse rates;
 - g) details of the homogeneous risk groups used;
 - h) any recommendations on the improvements to be implemented in the internal procedures in relation to data that are considered relevant;
 - i) information about any significant data deficiencies and adjustments;
 - j) a description of the technical provisions that have been calculated as a whole;
 - k) a description of where unbundling has been used for material contracts;
 - l) details of the economic scenario generator, including an explanation of how consistency to the risk free interest rate has been achieved and which volatility assumptions have been chosen;
 - m) If the relevant measures are used, a description of the valuations referred to in Article 30-bis (6, a), b) and c)) of the Code. where the reduction of the matching adjustment or the volatility adjustment to zero results in non-compliance with the solvency capital requirement, an analysis of the measures applicable in such a situation to re-establish the level of eligible own funds covering the solvency capital requirement or to reduce the risk profile to restore compliance with the solvency capital requirement;
 - n) the details of the approach used to calculate material reinsurance recoverables.
2. The provisions as per paragraph 1 shall not apply to the group regular supervisory report to IVASS.
3. Under section "D.2 Technical provisions", the regular supervisory report to IVASS shall include, apart from the information envisaged in Articles 310 and 372 of the Delegated Acts, also the following information concerning the calculation of the technical provisions of the group:
- a) any material adjustments done to the technical provisions of insurance or reinsurance undertakings at individual level for the calculation of the group technical provisions, including the elimination of intragroup transactions;
 - b) where the group applies the long term guarantees measures or transitional measures, the impact of the adjustments at group level on the measures used at individual level;

- c) bases, methods and assumptions used for the calculation of the technical provisions from third country insurance and reinsurance undertakings included in the calculation of the group technical provisions, if the solvency rules from an equivalent regime are used, where allowed.

Art. 25

(Valuation for solvency purposes – off-balance sheet items)

1. Under sections “D.1. Assets” and “D.3 Other liabilities”, the regular supervisory report to IVASS shall include, apart from the information envisaged in Article 310 of the Delegated Acts, a description of any other material off-balance assets or liabilities not reported in the quantitative reporting template S.03.01 as set forth in the Commission Implementing Regulation (EU) 2015/2450 of 2 December 2015.

Art. 26

(Capital management)

1. Under section “E.1 Own Funds”, the regular supervisory report to IVASS shall also include, apart from the information envisaged in Article 311 of the Delegated Acts, details on the amount of distributions made to shareholders.
2. Under section “E.2 Solvency Capital Requirement and Minimum Capital Requirement”, the regular supervisory report to IVASS shall also include, apart from the information envisaged in Article 311 of the Delegated Acts, an explanation of how the use of a simplified calculation with a material impact on the solvency capital requirement calculated according to the standard formula is justified by the nature, scale and complexity of the risks faced by the undertaking.

Section III – Supplementary information

Art. 27

(Supplements)

1. The undertaking shall supplement the information submitted under Commission Implementing Regulation (EU) 2015/2450 of 2 December 2015 and this Regulation with the further information identified by IVASS as necessary for the performance of its supervisory duties and disclosed by IVASS together with the frequency and the instructions for submission.

Section IV– Limitations and exemptions

Art. 28

(Limitations to the obligation to report with a frequency shorter than one year)

1. The Italian insurance or reinsurance undertaking not belonging to a group, intending to benefit from the limitation to the obligation to report with a frequency shorter than one year pursuant to Article 47-quater (3) of the Code, shall notify IVASS of this intention at least 60 days before the reference reporting date.
2. The notification referred to in paragraph 1 shall include:

- a) the reasons and documentation supporting the limitation, in accordance with the requirements of Article 47-quater (3) of the Code;
 - b) the policy on the information to be disclosed to IVASS pursuant to Article 30 (5) of the Code and Article 17 of the Regulation.
3. Within 60 days from receipt of the communication referred to under paragraph 1, IVASS shall notify the existence of any reasons preventing the exercise of the limitation envisaged, taking account of the provisions of Article 47-quater (3, 5, 6 and 11) of the Code.
 4. The limitation identified with the procedures set out in this Article shall be assumed to be confirmed until the undertaking notifies otherwise, without prejudice to the need for an annual assessment concerning the persistence of the reasons underlying the choice made and to different determinations by IVASS. The undertaking shall provide evidence of the valuation conducted in the regular supervisory report to IVASS.

Art. 29

(Limitations or exemptions from the obligation to report on an item-by-item basis)

1. The Italian insurance or reinsurance undertaking not belonging to a group, intending to benefit from the limitation or from the exemption of regular supervisory reporting requirement on an item-by-item basis referred to in Article 47-quater (7) of the Code, shall notify IVASS of this intention at least 60 days before the reference reporting date.
2. The notification referred to in paragraph 1 shall include:
 - a) the reasons and documentation supporting the limitation or exemption, in accordance with the requirements of Article 47-quater (7) of the Code;
 - b) the policy on the information to be disclosed to IVASS pursuant to Article 30 (5) of the Code and Article 17 of the Regulation.
3. Within 60 days from receipt of the communication referred to under paragraph 1, IVASS shall notify the existence of any reasons preventing the exercise of the limitation or exemption envisaged, taking account of the provisions of Article 47-quater (7, 9, 10 and 11) of the Code.
4. The limitation or exemption identified with the procedures set out in this Article shall be assumed to be confirmed until the undertaking notifies otherwise, without prejudice to the need for an annual assessment concerning the persistence of the reasons underlying the choice made and subject to different determinations by IVASS. The undertaking shall provide evidence of the valuation conducted in the regular supervisory report to IVASS.

Art. 30

(Limitations or exemptions for companies belonging to groups)

1. An Italian insurance or reinsurance undertaking belonging to a group that intends to benefit from the limitations or exemptions referred to in Article 47-quater (4 or 8) of the Code, shall inform IVASS of its intention at least 60 days before the reference reporting date for which it intends to benefit from limitations or exemptions. The notification shall include:
 - a) the reasons and documentation supporting the limitation or exemption, in accordance with the requirements of Article 47-quater (3 or 7 and 11) of the Code;

- b) the policy on the information to be disclosed to IVASS pursuant to Article 30 (5) of the Code and Article 17 of the Regulation.
2. Within 60 days from receipt of the communication, taking also account of the opinion of the group supervisor if different from IVASS, the latter shall notify the existence of any reasons preventing the exercise of the limitation or exemption envisaged, taking account of the provisions of Article 47-quater (3, 4, 5, 6, 7, 8, 9, 10 and 11) of the Code.
 3. If the communication referred to in paragraph 1 is submitted by all the undertakings belonging to the same group and there are no objections pursuant to paragraph 2, IVASS, in accordance with article 216-octies of the Code, may extend the limitation or exemption envisaged in Article 47-quater (3 or 7) of the Code at the level of the group, immediately notifying the ultimate Italian parent undertaking referred to in article 210 (2) of the Code.
 4. The limitation or exemption identified with the procedures set out in this Article shall be assumed to be confirmed until the undertaking or undertakings concerned notify otherwise, without prejudice to the need for an annual assessment concerning the persistence of the reasons underlying the choice made and to different determinations by IVASS. The undertaking shall provide evidence of the valuation conducted in the regular supervisory report to IVASS.

Art. 31

(Notification of frequency of the regular supervisory report to IVASS)

1. The regular supervisory report shall be submitted at the end of each financial year in accordance with the timeline set forth in Article 312(1) of the Delegated Acts. IVASS shall inform the undertaking as soon as possible, and in any case no later than three months before the end of the financial year, of any decision that identifies a lower than annual frequency for submission of the aforesaid report (e.g. every two or three years).
2. The group regular supervisory report shall be submitted at the end of each financial year in accordance with the timeline set forth in Article 373 of the Delegated Acts. Within the time limits indicated in paragraph 1, IVASS shall inform the ultimate Italian parent undertaking referred to in article 210 (2) of the Code, of any decision that identifies a lower than annual frequency for submission of the group regular supervisory report (e.g. every two or three years).

Chapter IV - Information in case of pre-defined events

Art. 32

(Regular information to be reported to IVASS upon occurrence of pre-defined events)

1. The entities referred to in Article 3 shall immediately notify IVASS of any events which could reasonably lead or have already led to material changes in the business and performance, system of governance, risk profile and solvency and financial position of the undertaking or group.

Chapter V - Public disclosure and supervisory reporting processes and procedures

Art. 33

(Exemption from the obligation to disclose information)

1. The Italian insurance or reinsurance undertaking that intends to benefit from the exemption from the obligation to disclose information in accordance with Article 47-octies (1) of the Code, shall notify IVASS of this intention at least 90 days before the date of disclosure of the solvency and financial condition report.
2. The notification referred to in paragraph 1 shall include:
 - a) the reasons and documentation supporting the exemption, in accordance with the requirements of Article 47-quater (1, a and b) and (4) of the Code;
 - b) the policy on public disclosure referred to in Article 5.
3. Within 60 days from receipt of the communication referred to under paragraph 1, IVASS shall notify the existence of any reasons preventing the exercise of the exemption envisaged, taking account of the provisions of Article 47-octies of the Code. The exemption from the obligation to disclose information and the relevant reasons shall be included in the solvency and financial condition report pursuant to Article 47-octies (2).

Art. 34

(Prohibition on confidentiality agreements)

1. Undertaking may not enter into agreements binding them to secrecy or confidentiality of information that is required to be disclosed under the solvency and financial condition report.

Art. 35

(Use of references to other information in the solvency and financial condition report)

1. An undertaking which, pursuant to Article 47-octies (3) of the Code, intends to use or refer to information published in compliance with other legal or regulatory obligations in the solvency and financial condition report shall submit a specific request for authorisation to IVASS at least 90 days before the report publication date.
2. In the request referred to in paragraph 1, the undertaking shall:
 - a) describe the information to which reference shall be made and how the references shall be introduced in the solvency and financial condition report;
 - b) send the public disclosure policy referred to in Article 5 and explain why the information referred to in letter a) can be regarded as of the same nature and scope as the information required by Article 47-septies of the Code.
3. IVASS shall make its decision within 60 days of the date the full request was submitted, without prejudice to the cases of suspension or interruption referred to in Articles 7 and 8 of IVASS Regulation No. 7 of 2 December 2014.

Art. 36

(Single solvency and financial condition report)

1. For the purposes of exercising the option referred to in paragraph 2 of Article 216-novies of the Code, the ultimate Italian parent undertaking shall notify IVASS, at least 60 days before the reference date of the report, of the intention to submit a single solvency and financial condition report containing both information at the level of the group and information relating to each subsidiary.
2. IVASS, in accordance with the provision of article 216-novies of the Code shall carry out its own assessments about the notification as per paragraph 1, also taking into account the opinion of the members of the college of supervisors, if any.
3. Within 60 days from receipt of the communication referred to under paragraph 1, IVASS shall notify the ultimate Italian parent undertaking under article 210, paragraph 2, of the Code, of the existence of any reasons preventing the exercise of the option envisaged in paragraph 1.
4. The exercise of the option as per paragraph 1, once communicated, shall also be considered extended to the following years until otherwise communicated by the ultimate Italian parent undertaking, without prejudice to the need for an annual assessment concerning the persistence of the reasons underlying the choice made and to different determinations by IVASS. The ultimate Italian parent undertaking shall provide evidence of the valuation conducted in the regular supervisory report to IVASS. A new communication shall however be necessary in case of any change in the undertakings included in the single solvency and financial condition report.

Art. 37

(Format and controls of quantitative reporting templates)

1. When reporting information included in the quantitative reporting templates undertakings shall consider the data point model and the data validation rules published by EIOPA and the further technical instructions published on the website of IVASS.

Art. 38

(Regular supervisory report to IVASS: references to other documents)

1. When the undertaking is required to provide, in the regular supervisory report, information that has already been submitted to IVASS, it may refer to such information, provided that it is of the same nature and scope as the information required and that the reference to the documentation previously submitted is accurate and precise.
2. Undertakings may not use references to other documents that are not subject to reporting to IVASS.

Art. 39

(Approval of information submitted to IVASS)

1. The regular supervisory report to IVASS and the annual and quarterly quantitative reporting templates shall be approved by the administrative body before submitting them to IVASS.

2. The approval of the quarterly quantitative templates before their submission to IVASS may be delegated by the administrative body to a member of the senior management. The delegated party shall promptly report to the administrative body on the material quantitative data contained in the templates.

Chapter VI – Transitional and final provisions

Art. 40 (Transitional provisions)

1. The regular supervisory report to IVASS shall be submitted for the first time in relation to the financial year 2016.
2. Upon first time application of this Regulation, the communication referred to in Article 36 concerning exercise of the option set forth in paragraph 2 must be sent before the deadline of 28 February 2017. There shall be no change to the remaining provisions of the article and to the deadlines by which IVASS shall notify the undertaking of the existence of any preventing reasons (60 days from receipt of the communication).

Art. 41 (Publication)

1. This Regulation shall be published in the Official Journal of the Italian Republic and in IVASS' Bulletin and website.

Art. 42 (Entry into force)

1. This Regulation shall enter into force on the day after its publication in the Official Journal.
2. The procedures established in Articles 28, 29 and 30 shall be applicable for the first time in relation to the information for the first quarter of the 2017 financial year.

On behalf of the Joint Directorate
the President