

Processing QIS4 Group Results at EU Level

Underlying note sets out the structure for processing QIS4 groups results and explains how CEIOPS will assure the confidential use of the groups data sent in. The procedure set out in the note has been further clarified after having consulted industry in March 2008.

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1. Clear indication of a **single point of contact** for participants to the Group QIS4 to submit their group results

Participants (groups with their parent undertaking inside as well groups with their parent undertaking outside the EEA) shall submit their group results to the supervisor responsible for the group's supplementary supervision in the EEA ("**lead supervisor**"). In accordance with Article 4 of the 'Insurance Groups' Directive 98/78/EC such a supervisor has been appointed for EEA-based- as well as for third-country-based groups.

To facilitate the processing, the answers to the qualitative questions should be given in English, unless agreed otherwise with the lead supervisor.

2. **Sharing of information** amongst the supervisory authorities involved

A transparent and efficient cooperation between supervisory authorities necessitates the sharing of the QIS4 results at group level. The correct interpretation of group level results may need an oral exchange of views amongst the relevant supervisors responsible for the constituting solo companies, that allows understanding and explaining the rationale for the group data, in particular with regards to diversification effects. The results of all participating groups shall therefore be discussed in the relevant Coordination Committee between the 'lead supervisor' and the supervisors participating in the Coordination Committee. The contribution of individual Coordination Committee members will be beneficial to the accurate interpretation of the group results to the extent that they are responsible for the supervision of subsidiaries of that group. Representatives from the insurance groups can also be invited to share their views on the submitted results with the Co-ordination Committee.

All information shared between supervisors is subject to the professional secrecy rules.

3. Building the **centralised group database**

The aim of the centralised database is to provide a broad and comparable statistical input to the QIS4 report. The lead supervisors transmit the results provided to them to the centralised database on an anonymous basis. This ensures that the centralised database is fed with the quantitative results of all the groups that have participated in the QIS4 exercise, in order to allow for a global statistical analysis to be carried out at EU level, while answering industry concerns regarding confidentiality.

Submission:

The anonymised submissions to be forwarded by the lead supervisor shall be secured by the use of PGP before being sent to the database, the public key can be obtained from patrick.darlap@fma.gv.at of the QIS4 Task Force.

Processing:

The encrypted data will be decoded on an ERACOM-secured and capsuled standalone computer which is securely attached in a closed room in the Austrian Financial Market Authority (FMA). The key to the room and the password to the computer will be held by different persons. On this computer the database will be set up and analysed, ensuring a four-eye presence in the room also during data processing. These arrangements shall make unauthorised export or copying of data impossible. Furthermore the setting up and analysis will be done by supervisors operating under the standard professional secrecy rules.

Storage:

An encrypted backup copy of the database will be kept in a strongbox and in a separate room. The strongbox code and encryption code will be held by different persons, ensuring again compliance with the four-eye principle. The data will be stored for additional analysis as long as necessary to answer all questions on QIS4 and destroyed thereafter.

Analysis:

The data will be analysed, then the first general results will be discussed in CEIOPS for refinement and insertion of particular insight into specific situations, and eventually, the final outcome will be approved by CEIOPS' Members Meeting once a balanced view on the QIS4 outcome has been achieved and confidentiality of individual participants' data is safeguarded.

The advantages of such a process are threefold

1. This approach can be seen as a step towards aligning QIS responsibilities with the role of the lead supervisor, in line with the industry's expectations of Solvency II. It also fosters the role of the Co-ordination Committees which are an important channel of increased cooperation amongst European supervisors; this is again in line with the industry's expectations and the Framework Directive Proposal. Also, participants will not have to submit their results twice, once to the lead supervisor and a second time to the centralized database.
2. For CEIOPS, this "bottom-up" approach in building the centralised database ensures a higher quality of data by allowing the lead supervisor to do a first consistency revision of the spreadsheets and transfer a quality-checked version to the centralised database, ready for statistical use.
3. For the European Commission, and also for Council, Parliament and other stakeholders a resulting increased quality of the QIS4 groups report can be expected, as the size of the sample in the centralised database increases and less information is lost during the process of aggregation.