

Luxembourg, 9 November 2015

To all insurance corporations

In case of discrepancies between the French and the English text,
the French text shall prevail

CIRCULAIRE BCL 2015/239

Introduction of a statistical data collection for insurance corporations

Ladies and Gentlemen,

On 28 November 2014 the Governing Council of the European central bank (ECB) adopted Regulation ECB/2014/50 concerning statistical reporting requirements for insurance corporations.

This regulation completes the existing framework of the ECB's statistical activities that are necessary to allow the European system of central banks (ESCB) to carry out its functions by defining the physical and moral persons subject to reporting obligations, the regime of confidentiality and the necessary execution and sanctioning provisions, according to article 5.4 of the statute of the European system of central banks and the European central bank.

In particular, Regulation ECB/2014/50 makes reference to Regulation (EC) No 2533/98 modified by Regulation (EC) No 951/2009 which provides in Article 2(1) that, for the

fulfillment of its statistical reporting requirements, the European Central Bank (ECB), assisted by the national central banks (NCBs), has the right to collect statistical information within the limits of the reference reporting population and of what is necessary to carry out the tasks of the European System of Central Banks (ESCB).

It follows from Article 2(2)(a) of Regulation (EC) No 2533/98 that insurance corporations form part of the reference reporting population for the purpose of fulfilling the ECB's statistical reporting requirements, inter alia, in the field of monetary and financial statistics. Article 3 of Regulation (EC) No 2533/98 requires the ECB to specify the actual reporting population within the limits of the reference reporting population and provides it with the power to fully or partly exempt specific classes of reporting agents from its statistical reporting requirements.

The purpose of imposing statistical reporting requirements on insurance corporations is to provide the ECB with adequate statistics on the financial activities of the insurance corporation subsector in the Member States whose currency is the euro. The collection of statistical information on insurance corporations is necessary to satisfy regular and ad hoc analytical needs, to support the ECB in carrying out monetary and financial analysis, and for the ESCB's contribution to the stability of the financial system.

On the basis of the aforementioned ECB regulations, the Banque centrale du Luxembourg (BCL) has developed a data collection system for insurance corporations that is detailed in the present circular.

1 Objectives

On the basis of Regulation ECB/2014/50, BCL has developed a data collection system that is supposed to fulfil the following objectives:

- complete coverage of the foreseeable requirements of the European central bank in the field of monetary and financial statistics;
- standardization with existing statistical data collections applicable to other categories of reporting agents;
- consistency with data collected for supervisory purpose;

This consistency, that is not possible for all the information which will be collected, allows the use of supervisory data within the compilation process of data to be

submitted to the ECB and contributes to the quality checking of the data that is collected.

- comparability with the standard ESA 2010 (European System of national Accounts 2010). The compliance of the collected data with ESA 2010 facilitates its use in the fields of national accounts and balance of payments and therefore allows avoiding additional inquiries.
- coverage of the foreseeable requirements of the Systemic risk board in the area of financial stability.

2 Insurance corporations

2.1 Definitions

According to article 1 of Regulation ECB/2014/50 «Insurance Corporation» means a financial corporation or quasi-corporation that is principally engaged in financial intermediation as a consequence of the pooling of risks mainly in the form of direct insurance or reinsurance.

The following are included within the definition:

- a financial corporation or quasi-corporation that provides life insurance services, where policyholders make regular or one-off payments to the insurer in return for which the insurer guarantees to provide the policyholders with an agreed sum, or an annuity, at a given date or earlier;
- a financial corporation or quasi-corporation that provides non-life insurance services to cover risks such as, for example, risks of accidents, sickness, fire or credit default;
- a financial corporation or quasi-corporation that provides reinsurance services, where insurance is bought by the insurer to protect itself against an unexpectedly high number of claims or exceptionally large claims.

The following are not included within the definition:

- investment funds as defined in Article 1 of Regulation (EU) No 1073/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (ECB/2013/38) (OJ L 297, 7.11.2013, p. 73);

- financial vehicle corporations engaged in securitization transactions as defined in Article 1 of Regulation (EU) No 1075/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitization transactions (ECB/2013/40) (OJ L 297, 7.11.2013, p. 107);
- monetary financial institutions as defined in Article 1 of Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33) (OJ L 297, 7.11.2013, p. 1);
- pension funds as defined in paragraph 2.105 of the ESA 2010.

«Branch» means an unincorporated agency or branch of an insurance or reinsurance corporation.

2.2 List of insurance corporations

The ECB establishes and updates, for statistical purpose, a list of insurance corporations that form the reference reporting population. For this purpose, Luxemburgish insurance corporations provide the BCL with the requested information according to its instructions. The BCL will transmit this information to the ECB who shall establish the complete list of insurance corporations for the whole euro area and make this list and its updates available in an appropriate form, including by electronic means, via the Internet or, at the request of the reporting agents.

3 Collect of statistical data

The collect of statistical data that applies to all insurance corporations is limited to statistical purpose and relies mainly on the requests formulated in the aforementioned ECB regulations.

Reporters provide the BCL with:

- on a monthly basis, securities holdings reported individually security by security;
- on a quarterly basis, end-of-quarter stock data on the assets and liabilities of insurance corporations and quarterly revaluation adjustments and financial transactions, where applicable;
- on a quarterly basis, end-of-quarter stock data on non-life insurance technical reserves broken down by line of business and geographical zone;
- on an annual basis, data on premiums, claims and commissions.

3.1 Data on the assets and liabilities of insurance corporations

According to regulation ECB/2014/50, the BCL will provide the ECB with quarterly information on:

- assets and liabilities of insurance corporations (unconsolidated balance sheet);
- revaluation adjustments and financial transactions of insurance corporations.

3.1.1 Reporting of stocks

As far as concerns information on stocks, the ECB regulation foresees that a quarterly data request is addressed to insurance corporations.

BCL has opted for a single report, based on solo accounts (excluding assets and liabilities of branches), for all insurance corporations regardless of the existence of a supervisory data collection for the insurance corporations that are subject to the supervision of the Commissariat aux Assurances (CAA).

Report S 2.18-L «Quarterly statistical balance sheet of insurance corporations – Luxembourg entity» allows collecting all the necessary information on assets and liabilities stocks of insurance corporations.

3.1.2 Revaluation adjustments and financial transactions

As far as concerns information on revaluation adjustments and financial transactions carried out by insurance corporations, the ECB regulation foresees that a quarterly data request is addressed to insurance corporations.

As indicated above, the BCL has opted for a single report for all insurance corporations regardless of the existence of a supervisory data collection for the insurance corporations that are subject to the supervision of the CAA.

Report S 2.19-L «Information on valorisation effects on insurance corporations' balance sheet – Luxembourg entity» allows collecting all the necessary information required to compute revaluation adjustments and financial transactions of insurance corporations.

3.2 Data on premiums, claims and commissions

According to regulation ECB/2014/50, the BCL will provide the ECB with quarterly information on:

- premiums
- claims
- fees

Report S4.3-L «Premiums, claims and commissions – Luxembourg entity» allows collecting all the necessary information.

3.3 Security by security report

Having regard to Regulation ECB/2012/24¹ concerning statistics on holdings of securities, the BCL has chosen to implement a monthly security by security data collection to obtain detailed securities holdings of insurance corporations.

Finally, it should be noted that all the instructions for establishing the statistical reporting are published and can be downloaded from the website of the BCL from the following addresses:

<http://www.bcl.lu/en/index.html>

3.4 Entities subject to the BCL's statistical reporting

3.4.1 Reporting population

The reference reporting population is composed by insurance corporations incorporated and resident in Luxembourg, including branches registered in the Commercial Register whose parent entities are located abroad.

If an insurance corporation does not have legal personality under the Luxembourg law, the persons legally entitled to represent the insurance corporation, or in the absence of formalised representation, persons that under the applicable national laws are liable for acts of the insurance corporation, shall be responsible for reporting the information foreseen by the present circular.

3.4.2 Derogations

The BCL may grant the following derogations to the reporting requirements:

- The BCL may grant insurance corporations a derogation to their reporting obligations set out in the annexes, apart from the obligation to report, on a yearly basis, end-of-year data on premiums, claims and commissions, provided that the insurance corporations contributing to the annual aggregated assets/liabilities account for at least 95 % of the total market share of Luxembourg insurance corporations. The BCL shall

¹ Regulation (EU) No 1011/2012 of the European Central Bank of 17 October 2012 concerning statistics on holdings of securities (ECB/2012/24)

check the fulfilment of this condition in good time in order to grant or withdraw, if necessary, any derogation with effect from the start of each calendar year;

- The BCL may grant insurance corporations a derogation to their monthly and quarterly reporting obligations set out in the annexes, provided that the insurance corporations contributing to the quarterly aggregated assets/liabilities account for at least 80 % of the total market share of Luxembourg insurance corporations. The BCL shall check the fulfilment of this condition in good time in order to grant or withdraw, if necessary, any derogation with effect from the start of each calendar year;
- The BCL may grant derogations to insurance corporations in respect of the reporting of holdings of currency and deposits at nominal value.

Insurance corporations may choose, with the BCL's prior consent, not to use the derogations referred to above and to fulfil the full reporting requirements.

3.4.3 List of entities subject to the statistical reporting requirements of the BCL

The list of entities subject to statistical report is similar to the reporting population.

In this context, each reporting agent is submitted to annual report.

The BCL will individually contact each insurance corporation that will be subject to monthly and quarterly reporting obligations in order to define a common approach regarding the execution of its reporting obligation in the light of the derogations mentioned under the point 3.4.2.

4 Quality of the data transmitted

We should like to stress the importance of the quality of the data transmitted to the BCL and the necessity to submit the data to the verification rules detailed in the technical documentation prior to the data transmission. Only a rigorous control undertaken during data production will facilitate the compliance of the quality requirements as well as the reporting delays. This point is all the more important since the data collected will be checked by the ECB before aggregating it with the data of the other Member states. Any error or important negligence will have harmful repercussions on the reputation of the whole community of the Luxembourg financial institutions.

5 Respect of the reporting deadlines

The BCL establishes and publishes on its website a list of the exact reporting dates at which statistical reports must be submitted to BCL.

As BCL must then transmit aggregated quarterly statistics to the European Central Bank, it is absolutely necessary that reporting agents scrupulously respect the reporting deadlines in order to allow the BCL to respect its engagements in the framework of the ESCB.

6 Setting up of the new data collection

The transmission of this information is mandatory from 2016 onwards.

In order to compute the stocks variations for the first reporting quarter or month, initial S 2.18-L, S 4.3-L and the security by security report (TPTASS) with stocks data as of 31 December 2015 should be submitted to the BCL by 31 January 2016.

The first monthly data delivery, consisting of the security by security report (TPTASS) will be based on end of January 2016 data.

The first quarterly delivery, consisting of reports S 2.18-L and S 2.19-L, will respectively contain end of March 2016 data and valorisation effects occurred during the first quarter 2016.

Yours sincerely

BANQUE CENTRALE DU LUXEMBOURG
La direction

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