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TASK FORCE ON INSURANCE CORPORATIONS AND  
PENSION FUNDS

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# TF ICPF: Outcome and way forward

## *Final report*

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### *Executive summary*

*The economic importance of insurance corporations and pension funds (ICPFs), in particular their role in financial markets, is growing significantly, notably due to the ageing of society and pension reforms.<sup>1</sup> As a consequence, in particular from a monetary policy viewpoint, the need to monitor regularly and in-depth the financial activities of this sector and their impact, for example on the financial situation of households and on monetary developments, has increased considerably.*

*Recognising that the currently available quarterly financial data for ICPFs<sup>2</sup> do not meet user requirements in a satisfactory manner, the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) agreed that further work would be needed to define the appropriate way forward to improve the data situation. The CMFB also agreed that this work would best be pursued by means of a joint Commission (Eurostat)/ECB (DG-S) Task Force on ICPFs.*

*The Task Force met twice, on 19 January and 31 May – 1 June 2006.<sup>3</sup> Following its mandate, the Task Force liaised with a selected number of users to produce a list of preliminary data requirements against which the current data availability would be evaluated. To better understand the merits and limitations of the existing data sources, the CMFB members, in close cooperation with their respective national supervisory authorities, arranged for the completion of a questionnaire on national data*

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<sup>1</sup> Currently, around 40% of euro area households' net acquisitions of financial assets are in life insurance reserves and pension fund reserves.

<sup>2</sup> See Table 3.3 in the euro area section of the ECB Monthly Bulletin.

<sup>3</sup> See Annex 1 for a list of all the participants in the Task Force meetings. Heavy work load prevented a more active participation of the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS) in the Task Force. However, Italian supervisory authorities participated in the second meeting of the Task Force, which provided the group with a better understanding of the supervisory requirements.

*availability designed by the Task Force. All EU countries have answered the questionnaire, as well as Turkey and Norway. In a nutshell, from the answers to the questionnaire one may conclude that all over the European Union there is a considerable amount of data available from both statistical and supervisory sources for ICPFs. However, the data are not consistent across countries and in a number of cases shortcomings exist, in particular in terms of frequency, timeliness and level of detail.*

*On the basis of the preliminary users' requirements and the answers to the questionnaire, the Task Force has elaborated a general action plan (recommendations) for the enhancement of the financial data for ICPFs (see Section 5).*

## **1 Introduction**

At its July 2005 meeting, the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) recognised that the currently available financial data for ICPFs (a set of mostly quarterly financial accounts data) do not meet users' requirements in a satisfactory manner. It therefore agreed that further work would be needed to define the appropriate way forward to improve the data situation. Notably, it suggested further exploring the possibilities offered by supervisory bodies, based on a specific analysis of the preliminary data requirements (in terms of detail, frequency, counterparty information, etc). Moreover, the possibility of a flexible approach should be taken into consideration so that countries could apply the most effective solutions at national level. The CMFB agreed that this work would best be pursued by means of a joint Commission (Eurostat)/ECB (DG-S) Task Force on ICPFs ("the Task Force").

This Task Force was mandated to:<sup>4</sup>

- a. Liaise with a selected number of main institutional users to produce a list of general data requirements against which the current data availability should be evaluated;
- b. Conduct pilot-wise a stock-taking exercise on the national availability of harmonised data on ICPFs with a particular focus on assessing the possibility of fulfilling European statistical needs by means of supervisory data;
- c. Propose an action plan to improve the availability of harmonised statistics on ICPFs, including a proposal on the allocation of responsibilities to take this process forward.

In line with its mandate, the Task Force liaised with four main institutional users, namely the ECB, the European Commission, the Committee of European Insurance and Occupational Pension Supervisors

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<sup>4</sup> See attached the mandate of the Task Force.

(CEIOPS) and the European Industry Associations (European Federation for Retirement Provision – EFRP and the Comité Européen des Assurances – CEA), in order to produce a preliminary set of users’ requirements. To assess the extent to which these requirements could be met on the basis of existing national data sources, the Task Force designed a comprehensive questionnaire on national data availability. The CMFB members arranged for the completion of the questionnaire in close cooperation with their respective national supervisory authorities. All EU countries answered the questionnaire, as well as Turkey and Norway, providing a good overview of the pros and cons of the existing data sources.

This report presents the results of the work of the Task Force. In Section 2, the main initial data requirements are outlined. In Section 3, the current availability of data in the EU is described, on the basis of the answers to the questionnaire provided by the CMFB. Section 4 provides an assessment on the possibility of meeting the users’ requirements on the basis of the existing data. Finally, Section 5 presents the Task Force recommendations and proposes an action plan.

## **2 A brief description of the users’ requirements**

In the following sections some preliminary users’ requirements are presented from the viewpoint of the individual institutions.

### **2.1 European Central Bank**

The Directorate General Economics (DG-E) is the main user of ICPF data in the ECB and provided the Task Force with its preliminary requirements. From a monetary policy perspective, DG-E and DG Statistics see an increasing need to monitor regularly and in-depth the financial activities of the ICPF sector and its impact, for example on the financial situation of the households sector and on monetary developments.

In order to be most useful for monetary policy analysis, the envisaged data framework needs to provide data at a quarterly frequency (possibly complemented by some core items at monthly frequency) in a timely manner (closely before 2 months after the end of the reference period).<sup>5</sup> This would allow for using the data together with the statistics on monetary financial institutions, investment funds and possibly other OFI categories for the regular quarterly assessments of monetary developments and financial market conditions, which takes place at the first ECB Governing Council meeting of each month (first Thursday of the month). If such high timeliness cannot be met, improving

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<sup>5</sup> **Euro area statistics** should be available **closely before 2 months** after the end of the reference period. To accomplish this requirement, **national contributions** should be transmitted to the ECB **sufficiently in advance** to allow for the necessary internal processing time (statistical production).

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the timeliness of ICPF data in line with the respective plans for Euro Area Financial Accounts (closely before 3 months) would be a first step forward.<sup>6</sup>

The analytical questions arising for monetary policy considerations often focus on the investment behaviour of ICPFs, rendering the availability of counterpart information crucial for the usefulness of the data set and the ability to provide meaningful answers to decision-makers (e.g. it would be important to know the overall proportion of the credit to the non-financial sectors provided by ICPFs). The ability to analyse developments in greater depth requires some additional breakdowns in the data, in particular with respect to instruments, maturity composition and type of interest rate contract (fixed versus variable). Complementary to the ESA 95 breakdown of insurance technical reserves (liability side), it would be relevant to collect additional details reflecting the recent developments in insurance and pension fund products (e. g. defined benefit versus defined contribution pension contracts).

The ICPF sector is heterogeneous in its composition, comprising different types of entities (life and non-life insurance, reinsurance and autonomous pension funds). These entities differ with respect to their investment policies, it is therefore important to have balance sheet information by type of entity to capture the specificities of their business developments.

Finally, solo data (non-consolidated) should be available on the basis of the so-called “host-country” principle. Under this framework, reporting institutions take into account only the activities of their resident branches but not the activities of their non-resident branches. It requires that such non-resident branches are treated as institutional units that are part of the reporting population of the country in which they are located.<sup>7</sup>

## 2.2 European Commission

The European Commission requires data on insurance services and pension funds in order to define and coordinate the Community policy for financial services. The European Commission presented in December 2005 its new financial services strategy for the next five years (White Paper on Financial Services Policy (2005-2010)). Whereas in the past the Community policy focused mainly on the wholesale market, retail integration will become more important over the next period.

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<sup>6</sup> The **euro area accounts** consist of the euro area non-financial accounts and the euro area financial accounts. The latter are based on euro area financial statistics (such as euro area financial balance sheets and transactions for the MFIs, euro area government finance statistics and euro area balance of payments/international investment position statistics) and national contributions laid down in the ECB Guideline in the field of quarterly financial accounts. The euro area financial accounts are currently produced with a timeliness of closely before four months and may be produced, in a couple of years time, **closely before three months**. This implies that the data **building blocks** for compiling the euro area financial accounts must be available **sufficiently before three months**.

<sup>7</sup> The national accounts framework applies a different consolidation concept as the one used in financial supervision and stability analysis, where data are typically collected at group level, i.e. the accounts of all resident and non-resident branches and subsidiaries are consolidated.

Within the Commission, Directorate General Internal Market is the main user of data on insurance corporations and pension funds at the European Commission level. A Financial Integration Monitor report is published annually. Timely and recent data on the structure, the advance of integration, the competition, the efficiency, the profitability and the financial stability aspects of the insurance sector and the pension funds would be needed to improve the analysis in this report. DG Internal Market's needs are more focused on structural annual data than infra-annual information. To a large extent the data requirements of DG Internal Market are met by the information collected by Eurostat in the framework of Annex 7 of the Structural Business Statistics Regulation, provided it is available on a timely basis.

In addition to the data collected currently in the framework of the Structural Business Statistics Regulation, data reflecting the importance (market share) of the different distribution channels would also be useful for DG Internal Market's analysis of the sector.

### **2.3 Committee of European Insurance and Occupational Pension Supervisors**

From a supervisors' perspective, the overall need for information can be seen as a combination of both public disclosure and supervisory reporting. In general, for the insurance industry, supervisors currently rely more on supervisory reporting than on public disclosure for the execution of their duties. Under the Solvency II regime, which is expected to come into force around 2010, the emphasis is expected to shift more onto public disclosure.

The accounting framework will be relevant for public disclosure and supervisory reporting. Public disclosures, predominantly achieved through financial statements, are intended to provide all stakeholders with the information needed to underpin their decisions regarding the reporting institution. This perspective may differ from the objectives of insurance supervisors. In order to complement and support what is covered by the accounting framework, there is a need for supervisors to request additional information. These additional information requirements will mainly be based on Pillar I and Pillar II requirements of the future solvency framework. Some of this information will be part of Pillar III (disclosure requirements).

The supervisory reporting consists of all information required on a regular basis for supervisory purposes, which should enable supervisors to understand the organization, the processes and the business carried out by insurance undertakings. It will be qualitative as well as quantitative nature, retrospective i.e. in the form of historical data, as well as prospective information in terms of i.e. sensitivity. Depending on the exact requirements, which are still under development, the information should cover at least the solvency requirements and solvency capital and the risk exposure, assessment and management of underwriting risk, market risk, credit risk, operational risk and liquidity risk.

With the aim of greater convergence in mind, CEIOPS will develop common supervisory reporting formats. Those formats will be compatible to the largest extent possible with public disclosure requirements and, where possible, with other existing data requirements (e.g. statistical requirements). CEIOPS is investigating ways to achieve as much convergence as possible.<sup>8</sup>

## **2.4 European Industry Associations**

In a framework of ageing populations and continuous financial innovation, the European Industry Associations share the view that more comprehensive and accurate information is urgently needed on the development of the insurance and pension funds business in the European Union. To contribute to good insurance and pension policies, it is important to have reliable information on the amount of assets held by the ICPFs in the different Member States to cope with future pension commitments, as well as on the number of “active” and “deferred” members.

To allow benchmarking and mutual learning, consistent and comparable information between the different Member States is needed. To analyse more easily quantitative data on the European insurance and pension landscape, a common EU-25 pension terminology is requested by the European insurance and pension funds industry.

Good statistical information on the asset allocation and asset performance of insurance and pension funds would be pertinent to analyse the impact of several requirements addressed to this sector (IAS, buffers for risk, full funding, etc.). In addition, statistics on contributions (inflow of capital) and pay outs (outflow of capital) would be interesting for policy evaluation. Furthermore, a consistent dataset on contributions, differentiating between the insurance and pension products, would allow policy makers to better understand the costs of each of the different market solutions for retirement provision.

## **3 The current data availability**

At euro area level, the ECB compiles quarterly euro area financial accounts for ICPFs based on quarterly national financial accounts, which are collected in the context of the ECB Guideline in the field of quarterly financial accounts, and counterparty information from existing euro area statistics (such as MFI statistics). In addition, ICPF financial data are also collected by Eurostat in two different domains: 1) annual financial accounts as part of the ESA 95 Regulation (Tables 6 and 7 of the ESA 95 Transmission Programme), and 2) Structural Business Statistics (Annexes 5 and 7 of the SBS Regulation). CEIOPS collects from national supervisory authorities some annual financial and non-

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<sup>8</sup> Please refer to CEIOPS website [www.ceiops.org](http://www.ceiops.org) and CEIOPS' answers to the European Commission on the third wave of Calls for Advice (especially CfA 21) in the framework of the Solvency II project for more detailed information (<http://www.ceiops.org/content/view/14/18/>).

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financial indicators for insurance corporations (and will soon also collect similar information for pension funds), to produce a bi-annual financial stability report.<sup>9</sup> Finally, the EFRP and the CEA do also collect some information (financial and non-financial indicators) from their associates, mostly at annual frequency.<sup>10</sup>

To comply with these data requirements, euro area/EU Member States rely on various national data sources. To better understand these data sources, CMFB members, in close cooperation with their respective national supervisory authorities, arranged for the completion of a questionnaire. This questionnaire aimed at providing a complete picture of the basic national data sources and their statistical features. All EU countries participated in the exercise, as well as Turkey and Norway.<sup>11</sup> The answers to the questionnaire allow the following general conclusions to be drawn:

**Responsibility:** National supervisory authorities (NSA) are responsible for the most important (comprehensive) ICPF data sources in the euro area.<sup>12</sup> By contrast, in the other EU countries only half of the main data sources are under NSA responsibility. In a few cases national central banks (NCB) are responsible for the main data sources (e.g. GR, NL, CZ, HU and SK), whereas national statistical institutes (NSI) are only in rare cases the main ICPF data collectors. In fact, NSIs have their own dedicated ICPF data sources only in approximately 20% of the EU countries. Furthermore, national industry associations collect certain business oriented data.

The bulk of the data collected for supervisory or other non-statistical purposes seems to be available for statistical production, at least at aggregated level. Indeed, no NCB or NSI has mentioned difficulties in getting data from the data collector, i.e. data are shared at national level between the various institutions without significant constraints hampering the statistical compilation.<sup>13</sup> The availability of (supervisory) data for statistical purposes on an individual basis would potentially increase data usability and quality, as a more detailed statistical treatment would be possible.

**Legal basis:** With a few exceptions (mainly for data sources administered by industry associations), the collection of data is made on the basis of national legislation, either stemming from national (supervisory) needs or to cope with European statistical requirements (at annual frequency, e.g. ESA 95 and SBS Regulations). The questionnaire did not cover the agreements between national institutions for sharing information among them. However, in pure legal terms, particularly in cases

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<sup>9</sup> Please refer to CEIOPS website [www.ceiops.org](http://www.ceiops.org) and CEIOPS' reports on Financial Conditions and Financial Stability in the European Insurance and Occupational Pension Fund Sectors and its statistical annexes for more detailed information (<http://www.ceiops.org/content/view/20/24/>).

<sup>10</sup> See Annex 2 for a more detailed description of the current euro area/EU data availability.

<sup>11</sup> See Annex 3 for a country-by-country description of the current data availability.

<sup>12</sup> In this context, responsibility means the institution legally or financially backing the data collection, which in general also means the institution undertaking the actual data collection.

<sup>13</sup> In some cases supervisory authorities charge statistical authorities a small fee for delivering the requested data.

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where mandatory EU statistical requirements are satisfied on the basis of data not collected by the mandated (statistical) institution, statistical disruption cannot be ruled out if national data sharing is not based on a sound legal basis.

Frequency: For euro area countries, more detailed information is in most of the cases only available with an annual frequency, whereas for the other EU countries the picture is slightly different, i.e. the main data sources used in the compilation of statistics have generally a quarterly frequency. With a few exceptions, even those countries having detailed information only annually, have some semi-annual data collected directly from ICPFs, though typically much less detailed with respect to instrument and counterpart sector breakdowns. In some cases only information about claims and premiums are collected on a quarterly basis.

There is a tendency to increase the frequency of some data sources to quarterly starting in the late 1990s early 2000s. In fact, several countries (mainly new EU countries) have infra-annual data sources starting in 2005, which may be connected with the implementation of IAS/IFRS and the new Member States' accession process.

Timeliness (of input data): In line with its frequency, annual data sources tend to have a rather long delay (in general over 6 months), whereas quarterly data sources are quite timely (between 4 and 8 weeks).<sup>14</sup> Although in some countries there are even daily data sources (mainly consisting of portfolio investment data) with a timeliness of 1 day, on average insufficient timeliness is a shortcoming of many ICPF data sources.

Coverage: Most data sources follow a census approach and cover either insurance corporations or pension funds, owing to their distinct characteristics. Because of legal aspects, in a few cases the delineation between autonomous pension funds (part of the ICPF sector) and other pension schemes is not straightforward, which may have an impact in the use of certain data sources for statistical purposes. This arises from the fact that most data collections are based on the so-called three-pillar taxonomy, which distinguishes between public pension schemes, occupational pension schemes and personal pension schemes.<sup>15</sup> In fact, there is a clear need to delineate on a European Union level homogeneously pension funds classified in the ICPF sub-sector (S.125) from pension schemes to be classified in other institutional sectors, mainly the government sector (S.13).

Purpose and type of data collected: As already mentioned, at least for euro area countries, most data

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<sup>14</sup> It should however be noticed that in some countries the actual timeliness (in practice) differs from that foreseen in the legal requirement, i.e. there are some timeliness compliance issues.

<sup>15</sup> The (adjusted) three pillar taxonomy may be briefly described as: 1) pensioners are entitled to the social security state pension (first pillar); 2) pensioners have worked and gained access to a private workplace pension scheme (second pillar), and 3) pensioners deliberately have decided as an individual to save for retirement (third pillar).

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sources are under the responsibility of the respective NSA. Accordingly, most data sources are predominantly of a supervisory nature, i.e. they comprise commercial accounting balance sheets and profit and loss statements, as well as capital requirements. Only in few cases data requirements are coordinated between different data collection bodies and supervisory reports include some specific statistical requirements. Really integrated reporting systems do not seem to exist in Europe, while some countries (particularly NL) are making an effort to define as much as possible integrated collection systems.

Accounting rules: The bulk of the data sources follow commercial accounting standards, in particular the national transposition of Council Directive 91/674/EEC (for insurance corporations) and national GAAP (for pension funds). With the introduction of the international accounting standards (IAS/IFRS) and given the wide range of different types of entities which are included in this sector, a data source is frequently based on different accounting rules. As expected, pure statistical data sources usually follow ESA 95 accounting rules.

Consolidation: With rare exceptions, registered data sources are generally on a non-consolidated basis (“solo”). For the compilation of macro-economic statistics data should be collected on a non-consolidated basis, i.e. only including the business of resident branches; conversely, data collected for supervisory purposes are usually on a consolidated group level basis, i.e. consolidating the business of all branches and subsidiaries of that group.

“Home” versus “host” approach: Because of its mostly supervisory nature, some data sources follow a “home” basis approach, i.e. they exclude resident foreign owned entities from the reporting population, which should instead report to their “home” supervisor. While this is currently not a major issue for pension funds, which in general have a national legal form (at least until the full implementation of the new EU Directive on Pension Funds), it may be an issue for insurance corporations as the insurance market is more integrated, also due to several multinationals operating EU wide. Theoretically, “home” supervisors could exchange data with “host” supervisors to allow the compilation of statistics following a “host” approach. However, the lack of a European legal basis for the exchange of confidential (supervisory) information is likely to prevent this practice.<sup>16</sup>

Detailed breakdowns: Whereas data broken down by financial instrument seems to be at least partially available throughout the EU, there are several countries with very limited information broken down by counterpart sector. As regards data broken down by economic area, the resident/non-resident breakdown is rather common, but more detailed information for the non-resident sector (e.g. identification of the other EU countries) is in general only available in pure statistical data source.

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<sup>16</sup> The reporting on a “home” or “host” basis is not an issue at euro area/EU level as long as it is consistently applied by all Member States.

However, some countries run security-by-security reporting schemes, predominantly for the asset side (portfolio), which in connection with centralised securities databases may facilitate in the future the compilation of information by sector and area of counterpart.

#### **4 General assessment of the current data availability**

All over the European Union there is a considerable amount of data available for ICPFs, in few cases, even with high frequency (monthly and quarterly) and within a tight timeframe. However, the availability of data is not homogeneous across countries, in particular in terms of frequency, timeliness, methodology and level of detail.

Although most countries seem to have sufficient data to cope with the existing European data requirements, there are still well identifiable shortcomings, in particular a lack of collected quarterly information within a reasonable timeframe, which would provide the necessary level of detail to undertake a comprehensive assessment of the financial conditions faced by ICPFs. Currently, annual data sources are still used as anchors in the compilation of quarterly statistical data. In some cases, only broad indicators are available on a quarterly basis (e.g. total claims and premiums) which are used to estimate quarterly developments.

Some countries already face major problems to comply with the current timeliness requirements, which stand at 110 days after the end of the reference quarter for the ECB Guideline in the field of quarterly financial accounts (the most demanding data requirement). To cope with a more challenging timeliness, e.g. of compiling euro area aggregates closely before 2 months after the end of the reference quarter for monetary policy purposes, would require major data collection improvements for a considerable number of countries. Such improvements may entail in a majority of the countries new arrangements, probably including an enhanced legal basis.

Existing data sources seem to be short of detailed information in particular broken down by counterpart sector, country breakdown and, to a lesser extent, by instrument. These details appear to be mainly available in data sources purely designed for statistical purposes. Therefore, some effort is needed to (1) create more pure statistical data sources, (2) to include these requirements into supervisory reports and/or (3) to make use of statistical methods for estimating requirements with a more stable nature.<sup>17</sup> In some countries, the current legal framework seems however not to support the definition of pure statistical data sources and/or the incorporation of statistical requirements into supervisory returns.

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<sup>17</sup> E.g. applying annual benchmarks and quarterly indicators to estimate quarterly developments or estimating data for the latest quarter on the basis of data for the preceding quarter.

The differences in accounting practices and sector definitions, and the general unavailability of data broken down by counterpart sector and by country pose major difficulties to the compilation of meaningful euro area/EU aggregates. Some inconsistencies at national level are amplified when compiling European aggregates, which are estimated by aggregating national contributions.

## **5 The TF ICPF Recommendations – The action plan**

As outlined in its mandate, the Task Force has conducted a stock-taking exercise on the national availability of harmonised data on ICPFs. On the basis of this exercise, the Task Force recommends action plans for the European System of Central Banks (ESCB) and the European Statistical System (ESS), aiming at improving the availability of harmonised statistics on ICPFs. In terms of allocation of responsibilities, the Task Force shared the view that the ESCB may follow-up on the infra-annual financial statistics, while the ESS could take care of other official statistics on ICPFs.

### *Action Plan for the European System of Central Bank*

The stock-taking exercise undertaken by the Task Force confirmed that the set of preliminary users' requirements presented by the ECB's DG-E, particularly with respect to timeliness, frequency and level of detail cannot be met to a sufficient degree by the currently available data. Therefore, to improve the overall understanding of the developments of the ICPF sector for monetary policy purposes, the Task Force recommends the following general actions to be taken:

- The ECB should specify further its requirements for infra-annual financial statistics on ICPFs for monetary policy purposes. Less volatile and more structural data series may not require high frequency information and could eventually be dealt with by means of reliable estimation methods;<sup>18</sup>
- Related to this, the ESCB, via its Statistics Committee (STC), may take on the responsibility to design in a cost efficient way a statistical framework for infra-annual financial statistics on ICPFs;
- The implementation of the statistical framework for infra-annual financial statistics may distinguish between those measures that can be realised without amendments to the legal framework, and measures requiring amendments to the legal framework;
- In this context, the STC may investigate in how far the shortcomings of existing quarterly ICPF financial data at European level could be tackled by improving the ICPF data at national

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<sup>18</sup> E.g. less volatile series may require less timely quarterly information if the latest quarter can be estimated reliably based on past quarters.

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level, e.g. by stimulating the creation of quarterly data sources that meet with the statistical requirements, enhancing the coordination between statistical and supervisory authorities or sharing good practices in terms of efficient data collection systems and practices. The Task Force acknowledges, however, that such an approach may meet difficulties because of legal constraints at national level. In many cases, NCBs do not have the power to establish statistical reporting systems addressed to ICPFs and/or the sharing of data between national supervisors and NCBs/NSIs does not have the necessary sound legal basis;

- In particular the timeliness requirements of compiling euro area aggregates closely before 2 months after the end of the reference period would be particularly demanding and in all likelihood not possible to achieve under the current legal framework. It should therefore also be investigated whether as a first step the current timeliness can be improved to closely before 3 months after the end of the reference period, hence supporting the compilation of euro area financial accounts;<sup>19</sup>
- Compliance with the timeliness, detail and quality demanded by users for infra-annual statistics will most likely require, as in other statistical areas such as money and banking statistics, legal acts addressed to the reporting agents. This would entail an amendment of Council Regulation No 2533/98 concerning the collection of statistical information by the ECB;
- In any event, the Task Force recommends analysing carefully the merits and costs of various options of improving the information basis on ICPFs. In this context, particular emphasis should be given to potentially cost-effective solutions, such as sampling. The extended use of security-by-security data collections and the ECB Centralised Securities Database (CSDB) could also be analysed as a possible efficient way to handle different data requirements. Possibilities for applying common and most up-to-date IT reporting standards should be looked at (e.g. XBRL) to reduce the reporting burden of global players and to accelerate data collection and processing to cope with the necessary timeliness for monetary policy analysis; in the same vein, the possibility to coordinate reporting forms across countries and between supervisory and statistical authorities should be looked at.

### *Action Plan for the European Statistical System*

The Task Force recommends Eurostat in co-operation with the NSIs to undertake the following

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<sup>19</sup> The compilation of **euro area aggregates closely before 2 or 3 months** allows the provision of briefing material to the first ECB Governing Council meeting of the following month, at which monetary policy measures are discussed. The compilation of euro area aggregates requires the provision of **national contributions** to the European aggregates sufficiently in advance to allow for the necessary statistical production.

actions:

- Step up efforts to provide timely annual data on insurance services and pension funds collected in the framework of the Structural Business Statistics Regulation;
- Harmonise further the definitions of pension funds used in several statistical domains (Structural Business Statistics, National Accounts) and their implementation according to the different legal requirements in the various Member States, having special regard to the borderline between these institutions and other financial institutions or the government sector in order to avoid risks of double counting in data collection (e.g. pension funds managed by insurance companies of which the assets and liabilities are included in the balance sheet of the insurance enterprise).

***The need for coordination and integration***

Statisticians, supervisors and industry associations have all their distinct data requirements which overlap only partly. Therefore, close cooperation and wherever possible coordination between these parties is essential to keep the reporting burden of ICPFs to a minimum. Along these lines, increased cooperation between central banks and statistical institutes and between the statistical and the supervisory communities as well as industry associations would certainly contribute to more reliable and less costly statistics.

In this respect, the Task Force recommends statisticians and supervisors to coordinate as much as possible their requirements to avoid double reporting and consequently unnecessary costs. In the same vein, also contacts with industry associations should be further intensified.

**Annex 1:** List of participants in the Task Force meetings

Name	Institution	Participation	
		1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting
<b>Members</b>			
Werner Bier	European Central Bank (Co-chairman)	X	X
Laurs Nørlund	European Commission – Eurostat (Co-chairman)		
Joachim Recktenwald	European Commission – Eurostat (Co-chairman)	X	X
Wolfgang Eichmann	DESTATIS – Statistisches Bundesamt	X	
Radke Marc-Peter	Deutsche Bundesbank		X
Dominique Durant	Banque de France	X	X
Grazia Marchese	Banca d'Italia	X	X
Coen Voormeulen	De Nederlandsche Bank	X	X
Graham Jenkinson	ONS – Office for National Statistics	X	X
Christina Ekblom	Statistics Sweden	X	
Nuno Silva	European Central Bank (Secretary)	X	X
Caroline Willeke	European Central Bank	X	X
Paolo Passerini	European Commission – Eurostat	X	X
Petra Sneijers	European Commission – Eurostat (Secretary)	X	X
<b>Observers</b>			
Simone Ceccarelli	COVIP – Commissione di Vigilanza sui Fondi Pensione		X
Mario Liberatori	ISVAP – Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo		X
Nicolas Burgard	CEA – Comité Européen des Assurances		X
Jeroen Clicq	EFRP – European Federation for Retirement Provision		X

## **Annex 2:** Brief description of the current EU data availability

At euro area level, the ECB currently publishes in Table 3.3 of the “Euro Area Statistics” section of the ECB’s Monthly Bulletin a reduced set of quarterly euro area financial accounts for insurance corporations and pension funds based on counterparty information from existing euro area statistics (such as MFI statistics) and on supplementary quarterly national financial accounts, which are collected in the context of the MUFA Guideline. This table covers (non-seasonally adjusted) amounts outstanding and financial transactions classified according to the ESA 95. It shows the main financial investment and financing activities of ICPFs. On the financing side (liabilities), the data are presented by main instrument. Information on financial investment (assets) is broken down by instrument and original maturity. A revised MUFA Guideline has been recently adopted by the ECB Governing Council with two main objectives: 1) to enlarge the collection of data in terms of instrument and sector coverage, and 2) to increase timeliness from the current 130 days to 110 days. This implies, inter alia, new data for unquoted shares, other equity and other accounts receivable and payable, as well as who-to-whom information on loans and deposits for the ICPF sector.

Although these improvements in the euro area financial accounts represent a major step forward in the compilation of integrated quarterly euro area financial accounts, several limitations will still remain as regards the individual analysis of the ICPF sector in the context of the ECB monetary policy framework, in particular as regards timeliness, taking into account the ultimate aim of having European accounts after 90 days and the fact that data on other sub-categories of the financial corporations sector (Monetary Financial Institutions and Investment Funds) become or will become available after around 25-30 days.

Financial data on Insurance Corporations and Pension Funds (ICPF) are also collected by Eurostat in two different domains: 1) financial sector accounts, within the ESA 95 Regulation framework (Tables 6 and 7 of the ESA 95 Transmission Programme) and 2) Structural Business Statistics (Annexes 5 and 7 of the SBS Regulation).

In the ESA 95, financial data for the sub-sector S125 (ICPF) have annual frequency and include transactions, balance sheets, nominal holding gains and other changes in the volume of assets data. Transactions and balance sheets are requested on a consolidated and non-consolidated basis, including in both cases (voluntary) counterparty sector information. The main financial instruments are covered: monetary gold and special drawing rights, currency and deposits, securities other than shares, loans, shares and other equity, insurance technical reserves, and other accounts receivable/payable. When applicable, these are further broken down by maturity and instrument. Data should be provided once a

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year at t+9 months after the end of the reference period.<sup>20</sup>

Business statistics on insurance services and pension funds are collected in the framework of Council Regulation No 58/97 concerning Structural Business Statistics (SBS). This regulation consists of a main provision body and of a number of annexes delineating the details on business statistics in the various sectors. In Annex 1 of the Regulation, a common module lays down basic demographic, enterprise and regional statistics for the industry, trade and service sectors (the NACE Rev 1.1 sections M, N, O are not covered by this common module). The so-called sectoral annexes 2, 3, 4, 5, 6 and 7 have been added to allow for an in-depth analysis of the industry, distributive trades, construction, insurance services, credit institutions and pension funds sectors.

The business statistics on insurance services and pension funds are incorporated in this basic legal framework in the form of additional sectoral annexes 5 and 7. These annexes contain a list of characteristics giving the best possible overview of the activities of insurance services and pension funds. Data is collected on an annual basis and includes structural data (number of enterprises, size class breakdown), accounting variables (profit and loss accounts as well as assets and liabilities), product data, data on internationalisation and employment data. The data makes it possible to examine structural changes, such as those resulting from the introduction of the Euro, the development of the insurance and pension fund industry as well as the diversity of pension funds currently operating in the EU. In order to limit the burden on enterprises the list of collected variables was largely based on data already available from supervisory sources.

Insurance services data has been collected from the reference year 1996 onwards whereas the first mandatory data collection for pension funds concerned the reference year 2002 (some data are however available from the reference year 1997 onwards as data was collected on a voluntary basis). These data are sent to Eurostat 12 months after the end of the reference year. In principle, data on reinsurance enterprises should only be sent 18 months after the end of the reference year, but most countries provide the data at the same time as the other insurance data.

The EFRP carries out on a yearly basis a statistical survey among its Members. The aim of the EFRP statistical survey is to collect statistics on the 2nd pillar in the EU. To reflect the diversity of the EU second pillar pension landscape and to facilitate interpretation and analyses, the EFRP statistical survey distinguishes between mandatory and voluntary second pillar pension schemes.

The EFRP survey covers total assets held by pension funds, book reserves systems, pension fund management companies and, for some Member States, life-insurance companies to pay out future

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<sup>20</sup> Some countries have derogations regarding the level of detail and timeliness.

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occupational pensions. The asset allocation of pension funds is also collected in this survey, with a breakdown into: (1) equity, (2) bonds, (3) real estate, (4) cash and (5) other.

EFRP Member Associations are responsible for the collection of the data (own survey or national available data from supervisory or statistical national agency). The EFRP secretariat steers the process and performs a quality check of the collected data.

**Annex 3:** Current data availability - country by country assessment

**Euro area countries**

**Belgium**

Description – The Belgium statistical authority (NCB) relies on the data collected by national supervisory authorities and national industry associations to cope with the various statistical obligations. These institutions collect mainly annual information for supervisory purposes following a multi-accounting framework. Although these data sources provide quite some detailed information by counterpart sector and instrument, they lack mainly in terms of timeliness – typically, data are available only between 6 months and 1 year after the end of the reference period. Although some quarterly data with a shorter time lag are collected, they miss in terms of detail. The NCB complements these data sources with internal ones, particularly, statistics on issues and holdings of securities (s-b-s database) and comprehensive central balance sheet information.

Self assessment – At present, the different sources of information allow the NCB to comply with its obligations regarding financial accounts (MUFA Guideline and the ESA 95 Transmission Programme), although some estimations have to be made due to a lack of detail regarding the sector of counterpart of some instruments.

**Germany**

Description – In Germany there is only one comprehensive data source for insurance corporations and pension funds, which is under the responsibility of the NSA. This mainly annual data source is available between 6 months and 1 year after the end of the reference period and comprises balance sheet and profit and loss information collected on the basis of the accounting rules foreseen in the national transposition of CD 91/674/EEC. Detailed information broken down by counterpart sector and economic area are not available, while details by instrument are only available for balance sheet information.

The national pension funds industry association collects basic annual balance sheet information for their own statistical publications also with a time lag of between 6 months and 1 year. The NCB does not collect data exclusively from ICPF.

Self assessment – Statistical data for insurance corporations and pension funds are produced using several data sources, namely data collected by the NSA, as well as other NCB statistics, like MFI balance sheet statistics, securities issues statistics and BoP/IIP data. The institutions answering the questionnaire (NCB, NSI, NSA) deem the primary statistics currently available sufficient to fulfil the data-transmission requirements to the ECB and EUROSTAT.

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### Greece

Description – The Greek NCB developed a quarterly reporting scheme in 2002 to cope with the requirements arising from the MUFA Guideline and the ESA 95 Transmission Programme. Data are available 3 months after the reporting period, in line with international statistical standards, and with comprehensive details by counterpart sector and economic area, instrument and maturity.

Self assessment – The NCB (the only institution answering the questionnaire) deems the current data availability appropriate to meet the requirements of the MUFA Guideline and the ESA 95 Transmission Programme.

### Spain

Description – The Spanish statistical authorities rely on the data collected by the NSA and the various national industry associations to cope with the ICPF statistical needs. The NSA collects mainly annual information from the various types of entities for supervisory purposes following accounting standards. Although these data sources provide quite some detailed information (e.g. s-b-s information for the asset side), they lack in terms of timeliness – typically data are available only between 6 months and 1 year after the end of the reference period. Although the NSA and the existing national industry associations collected some quarterly data with a shorter time lag, this information is only used to extrapolate the more comprehensive annual NSA data.

Self assessment – In Spain the main source of data for the ICPF sector is the balance sheet, the profit and loss accounts and other supplementary information that entities send to the NSA for supervisory purposes. The frequency and detail of the information is different for the various types of entities. Financial and non-financial accounts are compiled on the basis of existing ICPF data sources without major problems; however, some estimations are required.

### France

Description – The French statistical requirements are mainly accomplished on the basis of an annual (and partly quarterly) data source, which is responsibility of the NSA. This data source was rather untimely in the first year due to a reorganisation of the NSA.<sup>21</sup> It comprises balance sheet and profit and loss accounts data and follows the accounting rules foreseen in the national transposition of CD 91/674/EEC. Some drawbacks still exist as regards quarterly data broken down by instrument, sector of counterpart or geographical area.

The insurance national industry association carries out a monthly survey on the business of insurance

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corporations, which covers around 70-75% of the insurance business, however, these data lacks in terms of detail. Finally, the NCB runs an indirect (custodian) quarterly s-b-s reporting system (covering between 80 and 85% of the insurance business) which will be enhanced in the middle of 2007 to also include who-to-whom information on securities holdings and extended to all resident custodians.

Self assessment – The basic information about ICPFs is collected by the NSA, which supervises all insurance corporations and pension funds. This institution provides SBS data directly to Eurostat while the NSI builds the non-financial accounts using mainly NSA information and the NCB compiles financial accounts also using mainly NSA information, but also surveys from the professional association and annual and quarterly custodians data.

### **Ireland**

Description – The Irish insurance supervisory authority collects annual data (excluding re-insurance) with a timeliness of between 6 months and 1 year. This data source is rather incomplete as regards details by counterpart sector and economic area and follows the accounting rules foreseen in the national transposition of CD 91/674/EEC. It is under consideration the possibility of extending its coverage by also including re-insurance companies and increasing its frequency to quarterly. The national pension funds supervisory authority does not collect financial data; it only runs a registry of pension schemes.

The NSI carries out a few quarterly surveys, mainly for BoP purposes, which also capture insurance and pension funds business. These timely data sources provide a rather good coverage of the cross border business (mostly important for re-insurance), but lack in terms of resident activity. Although in line with international statistical standards, they do not provide sufficient counterpart sector information.

Self assessment – As regards insurance companies, most of the annual statistical needs are currently being met by a combination of sources, although information for re-insurers needs to be improved. The situation regarding quarterly statistics is less favourable and a Task Force comprising representatives of the NSI and the NCB is currently examining the possibility of collecting quarterly information from all insurance companies. For pension funds, the situation is rather less straightforward, and there are more gaps. Information on financial assets is formally collected only through one of the NSI surveys (the survey on institutional investors). At present, there is insufficient information to permit rigorous identification of assets relating to pension funds. Furthermore, there is

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<sup>21</sup> There is a feeling that once this new data source is fully operational timeliness will improve considerably.

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insufficient information to permit a satisfactory routine measurement of pension fund liabilities following a proper actuarial basis. Finally, currently there is no comprehensive data source on operating variables of pension funds (contributions, benefits, expenses), which are required to meet the SBS and national accounts reporting obligations.

### **Italy**

Description – In Italy, data for insurance corporations and pension funds are exclusively collected by the respective national supervisory authorities. Data for insurance corporations are collected by means of several quarterly and annual data sources, with timeliness ranging from 2 weeks to 1 year. Overall, it seems these data sources provide a rather comprehensive picture of the insurance business, although lacking some detail by instrument, counterpart sector and economic area at quarterly frequency. As regards pension funds, there are 3 independent data collections – 2 on a quarterly basis and 1 annually. Quarterly data sources are timely and generally adequate to comply with SBS and annual accounts requirements, although a few further breakdowns might be needed. The annual data source is less complete and may lack the necessary information to fully comply with SBS and annual accounts requirements. However, it refers to the pension funds instituted before the reform, which will tend to disappear over time.

Self assessment – Existing data sources on insurance corporations are appropriate to satisfy the requirements of the SBS Regulation and to compile annual national accounts. The main difficulty concerns the lack of data at quarterly frequency, which affects the production of quarterly economic and financial accounts by sector. Available sources on Pension Funds instituted after the recent reform would only need minor adaptation to become fully adequate to the SBS requirements and to help the compilation of annual accounts; for pre-existing funds, information is much less complete and available only at annual frequency.

### **Luxembourg**

Description – In Luxembourg, the two supervisory authorities collect annual data with a timeliness of between 6 months and 1 year. These data sources do not provide data broken down by counterpart sector and maturity and are rather incomplete as regards details by economic area instrument. They were mainly designed for supervisory purposes and follow commercial accounting rules.

Self assessment – The National Supervisory Authority for insurance corporations, the “Commissariat aux Assurances” collects annual data which allows Luxembourg to cope with both the ESA95 and the SBS statistical programme.

### **Netherlands**

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Description – The NCB (which is also the national supervisory authority) is completely reviewing the supervisory requirements and implementing two new quarterly data sources for statistical purposes in cooperation with the national statistical institute. The two new rather comprehensive statistical surveys will follow international statistical standards and provide the necessary details by sector of counterpart and economic area, as well as instrument and maturity to compile quarterly sector accounts for ICPFs in line with the European requirements (timeliness of 90 days). Revised supervisory data sources will also incorporate some statistical requirements, however, specific data needs will preclude an extended use of these data in statistical production.

Self assessment – In general, the current availability of ICPF data allows a rather good compliance with the European financial statistical data requirements. It will be improved further in the near future, as statistical survey data for the compilation of ICPF quarterly sector accounts will become available (2006Q1). In addition, supervisory reports will be revised in 2007 and will also include statistical requirements, although the more risk-oriented and principle-based supervisory data could make these data less useful for statistical purposes.

### **Austria**

Description – The NCB collects quarterly balance sheet data from ICPF within a rather short time frame (up to 6 weeks). These data sources follow national accounting standards and provide some detail by counterpart sector and economic area (resident versus non-resident), instrument and partially maturity.

The Austrian supervisory authority is responsible for the collection of the information necessary to comply with the SBS requirements. In addition, they collect annual (and a reduced set of quarterly) information for supervisory purposes, including s-b-s information, which allows the compilation of detailed data by counterpart sector and economic area.

Self assessment – The NSI deems appropriate the data collected by the Austrian insurance supervisory authority to fulfil the requirements arising from European Regulations. The quarterly data collected by the NCB (main balance sheet items) allows the compilation of quarterly financial accounts for ICPFs within a time lag of 10 to 12 weeks.

### **Portugal**

Description – The NSA collects annual (and a reduced set of quarterly) data for supervisory purposes with a timeliness of between 4 and 5 months. This data set follows the accounting rules foreseen in the national transposition of CD 91/674/EEC and does not include information from foreign owned entities (home approach). Detailed asset-by-asset data are also available, which facilitates the

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compilation of (asset) data broken down by counterpart sector and economic area, as well as by instrument and maturity. This basic data source is complemented by a monthly s-b-s and investor-by-investor database administered by the NCB and by an annual NSI data source, covering non-financial indicators, which is used to mainly cope with SBS requirements.

Self assessment – The Portuguese NSA collects the necessary accounting data for supervisory and statistical purposes. The NCB considers that the availability of ICPF data is fair; nevertheless, some estimation procedures, namely within the MUFA context, need to be conducted in order to obtain quarterly data. Therefore, to cope with potential new requirements from the ECB, some improvements would be helpful, namely concerning: 1) the availability of information broken down by sector of counterpart and maturity, 2) frequency, and 3) timeliness (especially in the case of pension funds).

The NSI collects additional statistical data for insurance corporations to cope with SBS and national accounts requirements. The availability of annual ICPF data is good; nevertheless, some estimations are needed mainly regarding the counterpart sector breakdown. In line with the NCB, the NSI also considers that some improvements are needed in terms of detail, frequency and timeliness, to ensure the compilation of quarterly accounts.

### **Finland**

Description – The Finish industry association collects comprehensive quarterly information for ICPF with a time lag of 6 weeks, on the basis of international statistical standards and with detailed information by sector of counterpart, economic area and instrument. This data source is complemented with annual data collected by the national supervisory authority following the accounting rules foreseen in the national transposition of CD 91/674/EEC. This second data source has a rather long time lag (over 6 months) and is quite limited in terms of detail.

Self assessment – The institutions answering the questionnaire (NCB, NSI, NSA) deem the current data availability good.

### **Other EU countries**

#### **Czech Republic**

Description – The Czech NCB is implementing a new timely quarterly data collection to support the compilation of quarterly financial accounts. Stocks data will be collected from mid-2006, whereas flow data will only be available in 2008. This data source will, however, not provide all the necessary counterpart sector and economic area details. Bi-annual data are also available for supervisory purposes.

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The NSI collects annual data for national accounts and SBS purposes. It also runs a quarterly survey, which will however be taken over by the NCB once its quarterly reporting system is fully operational (2008).

Self assessment – In the Czech Republic, data for the compilation of balance of payments statistics and non-financial accounts are satisfactory. As regards the compilation of financial accounts, stock data are basically satisfactory (counterpart information are not available, except for insurance technical reserves), whereas flow data are sufficient for annual financial accounts but are not available for quarterly financial accounts (a new data collection is being planned). Czech Republic is currently not able to cope with all the European statistical data requirements in full, but will fill the remaining gaps in the near future.

### Denmark

Description – Denmark relies on various security-by-security data sources to cope with the current ICPF data needs. These data sources have a monthly frequency and a very short timeliness, but they lack in terms of coverage, as only securities information is available. In addition, BOP/IIP data and annual data collected by the national supervisory authority are also available. The latter, however, is short in terms of detail by counterpart sector and economic area and do not provide a full coverage of the sector, as foreign owned entities are not covered.

Self assessment – The existing Danish ICPF data sources for (possible) statistical use provide in general a reasonably effective base for complying with the present European legal data requirements in the financial domain. The main shortcomings are the lack of quarterly information on transactions, revaluations, counterpart information and coverage (not coverage of foreign owned entities) as collected by the national supervisory authority. Statistical needs for monetary policy and financial stability purposes will require an improvement in the statistical coverage of ICPFs, particularly with respect to frequency (monthly) and level of detailed.

### Estonia

Description – In Estonia, data from ICPF are exclusively collected by the NSA. Quarterly reporting schemes have been introduced in 2004 (pension funds) and 2005 (insurance corporations) with a timeliness of approximately 1 month. These data sources follow IAS/IFRS rules and cover balance sheet and profit and loss accounts (only for insurance corporations). Information is at least partially broken down by counterpart sector and economic area, as well as by instrument and original maturity.

Self assessment – The national central bank deems the existing data generally sufficient to comply with the current European statistical requirements.

## **Cyprus**

Description – In Cyprus, the collection of comprehensive data from insurance corporations and pension funds are under the responsibility of the respective national supervisory authorities. Only annual supervisory data are available with a fairly long time lag (over 6 months). In general, data are consolidated and lacks the necessary details to compile appropriate financial and non-financial accounts for ICPF. The NCB relies on complementary data sources (e.g. BoP/IIP and stock exchange information) to cope, as much as possible, with the current European data requirements.

Self assessment – The existing direct data sources are considered adequate for the estimation of annual insurance technical reserves. Other instruments (e.g. deposits, shares etc) are estimated using complementary data sources from e.g. the NCB and the Cyprus Stock Exchange. Insurance corporations' SBS requirements are to a significant degree accomplished (back data appears to be the main problem), but improvements are continuously being made, whereas data for pension funds are deemed inadequate and a new statistical system is under development.

The current data sources seem to provide a good basis for the compilation of quarterly financial accounts for insurance corporations. However, a number of estimations are currently under development by the NCB to bring the data in line with the ESA 95 requirements. Contrarily, data for pension funds are not satisfactory, mainly due to the long time lag (4 years!), alternative data sources are therefore under consideration by the NCB.

## **Latvia**

Description – The Latvian supervisory authority is responsible for the collection of data from ICPF. Mostly quarterly information is available with a timeliness of approximately 1 month after the end of the reporting period. In general, these data sources follow the IAS/IFRS rules and encompass some information broken down by counterpart sector and economic area, as well as by instrument and original maturity.

Self assessment – In general, the current data availability for insurance corporations, private pension funds and state funded pension schemes (corresponding to approximately 89% of the ICPF sector) allows coping with the MUFA Guideline requirements. The existing data sources are also fully satisfactory to comply with the requirements arising from the SBS Regulation and ESA 95 Transmission Programme.

## **Lithuania**

Description – The Lithuanian statistical institute collects annual data from insurance corporations on the basis of the SBS and ESA 95 Regulations. Therefore, the data collected generally complies with

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the European requirements, except for the accounting rules (multi-accounting framework is followed). In addition, national supervisory authorities collect annual (and less detailed quarterly and monthly) information from ICPF. Although these data sources are rather detailed in terms of breakdowns by counterpart sector, economic area and instrument, they do not follow international statistical standards and are partly on a consolidated basis (accounting concept).

Self assessment – Available data for ICPFs allows to cope with the ESA 95 Transmission Programme and SBS requirements. However, not all the data necessary to comply with the MUFA Guideline requirements are available; in particular, quarterly data are not fully broken down by counterpart sector and maturity.

### **Hungary**

Description – The NCB of Hungary collects monthly stock data from insurance corporations for financial accounts purposes. Apart from some methodological differences (accounting rules) and the lack of transactions data, this data source seems to provide the necessary details for the production of financial accounts for ICPFs. In addition, the NCB also collects quarterly (monthly from this year onwards) s-b-s holdings statistics. As a complement to the NCB data sources, the NSA collects annual (as well as less detailed quarterly) accounting data, mainly for supervisory purposes, which encloses relevant information broken down by instrument.

Self assessment – The existing data sources are adequate to compile national (financial and non-financial) accounts, but a few SBS indicators cannot still be produced.

### **Malta**

Description – The Maltese insurance supervisory authority collects quarterly and annual data from insurance corporations. These data, in particular the quarterly data source, are collected in collaboration with the national statistical authorities (NCB and NSI) and follow the national accounts methodology. The quarterly data source provides detailed data broken down by sector of counterpart and economic area, as well as by instrument. In Malta there are no pension funds.

Self assessment – The information currently being received from the locally-based insurance companies is deemed to be adequate to cope with the requirements of the NCB and the NSI.

### **Poland**

Description – The Polish supervisory authority is responsible for all the relevant ICPF data sources. It runs independent quarterly collection systems for insurance corporations and pension funds (for the latter there is also a daily data collection). These rather timely accounting data sources, designed

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mainly for supervisory purposes, lack in terms of detail, particularly, as regards data broken down by sector of counterpart.

Self assessment – The existing ICPF data sources generally allow Poland to comply with the current European data requirements. There are, however, some gaps concerning the MUFA Guideline and the ESA95 Transmission Programme requirements. In particular, as regards: 1) the details by financial instrument; 2) original maturity; 3) counterpart sector and geographical breakdowns; and, 4) transactions data in the case of insurance undertakings.

### **Slovenia**

Description – Since 2004, the NCB collects quarterly information from insurance corporations and pension funds 6 weeks after the end of the reporting period, in line with national accounts methodology. As these data aims at complying with the European requirements in terms of financial accounts (MUFA Guideline and ESA 95 Transmission Programme) it provides all the necessary details broken down by sector of counterpart and economic area, as well as by instrument and maturity.

Self assessment – The NCB (the only institution answering the questionnaire) collects data directly from ICPFs for financial accounts purposes (including MUFA).

### **Slovakia**

Description – In Slovakia, the NCB (which is also the national supervisory authority) is responsible for managing several data sources. Although some of these data sources are quite frequent (ranging from daily to annual), they enclose mainly supervisory requirements and do not seem to provide all the necessary details to comply with the existing European data requirements, particularly by sector of counterpart. Some of these data sources are under review and a new, more statistically oriented, data source will be introduced by the end of 2006.

Additionally, the NSI runs an annual survey which has a rather long time lag but generally follows international statistical standards. Detailed information broken down by sector of counterpart is also missing on this data source.

Self assessment – Some data are still missing to fully comply with the existing European statistical data requirements.

### **Sweden**

Description – The Swedish supervisory authority is currently responsible for the collection of all

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national data from ICPF. This situation will change in 2007, as the national statistical institute will take over the responsibility for collection of quarterly data exclusively for statistical purposes. Currently, quarterly data are available for the major insurance corporations and pension funds (representing around 80-85% of the entire sector), i.e. a “proportional” reporting system is in place which exempts small institutions from more frequent and demanding requirements. The existing data sources seem to lack in terms of detail, in particular, data broken down by counterpart sector are inexistent.

Self assessment – Currently, due to the lack of information, pension foundations are not included in ICPF statistics. There are about 2600 of them, which administer approximately 100 Billion SEK.

### **United Kingdom**

Description – The NSI carries out several surveys on a quarterly (investment flows and income and expenditure data) and annual (stocks data) basis to measure insurance and pension businesses. These surveys have different degrees of coverage (on average around 75%, but are grossed up to represent the whole populations) of the business of ICPF. Quarterly data are collected with approximately 8 weeks of time lag, whereas annual data only between 6 months and 1 year after the end of the reference period. Data broken down by instrument are usually available while by counterpart sector and economic area are generally lacking.

The national supervisory authorities (one for insurance corporations and another one for pension funds) run annual data collections for supervisory purposes. These data sources follow the (multi) commercial accounting rules and limited details are available, however, timeliness is rather good (around 3 months after the end of the reference period).

Self assessment – Data collected by the NSI are used in the compilation of the UK national accounts, which broadly comply with ESA95, subject to a small number of detailed reservations. One example is that the data collected on premiums and claims do not fully comply with the ESA accruals principles. These figures are also used to meet the SBS requirements (pensions annex) though there are a number of derogations in place and the data supplied falls some way short of the full SBS requirements. Data collected by the NSA are used to meet the insurance annex requirements of the SBS, but the figures supplied are well short of the full dataset.

### **Non-EU countries**

#### **Turkey**

Description – The Turkish national supervisory authority collects quarterly information for supervisory purposes within a reasonable timeframe. However, these accounting data do not provide

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the necessary details by counterpart sector, economic area, instrument and maturity to cope with the current European statistical requirements.

### **Norway**

Description – Apart from a quarterly survey for pension funds, which is carried out exclusively by the NSI, all the other data collections are done in collaboration with the NSA (although the NSI takes care of the practical data collection). Quarterly information (complemented by more comprehensive annual data) is available 1 month after the end of the reference reporting period. Data seem to provide the necessary details to cope with the European data requirements.

Self assessment – In general, the current data sources provide the necessary information to comply with the international requirements, including the European statistical requirements.



EUROPEAN  
COMMISSION



Statistical Office of the European Communities



EUROPEAN CENTRAL BANK  
DIRECTORATE GENERAL STATISTICS

**DRAFT/RESTRICTED**  
**TF-ICPF 01.02**  
**3 February 2006**

**MANDATE OF THE JOINT COMMISSION (EUROSTAT)/ECB (DG-STATISTICS)**  
**TASK FORCE ON THE PROVISION OF STATISTICS ON**  
**INSURANCE CORPORATIONS AND PENSION FUNDS**

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**Background**

2. The economic importance of insurance corporations and pension funds (ICPFs), in particular their role in financial markets, is growing significantly, notably due to the ageing of society and pension reforms. As a consequence, in particular from a monetary policy viewpoint, the need to monitor regularly and in-depth the financial activities of this sector and their impact, for example on the financial situation of households and on monetary developments, has increased considerably.
3. Against this background and recognizing that the currently available quarterly financial data for ICPFs (a set of quarterly financial accounts data) do not meet user requirements in a satisfactory manner, the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) agreed that further work is needed to define the appropriate way forward to improve the data situation. Notably, with the aim of minimising reporting burden it has to be thoroughly investigated how far data collected by supervisory authorities could contribute to reducing the shortcomings of the currently available statistics, e.g. in terms of breakdowns, frequency and timeliness. On the basis of such analysis it can then be decided whether any initiative to set up new statistical requirements for ICPFs would need to be started, and if yes, whether the ESS or the ESCB would be best placed to do so. The CMFB agreed that this work would best be pursued by means of a joint Commission (Eurostat)/ECB (DG-S) Task Force on ICPFs (“the Task Force”).

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### Mandate

4. The Commission (Eurostat) and the ECB (DG-S) establish a high-level Task Force on the provision of statistics on ICPFs.
5. The Task Force will be chaired jointly by Eurostat and the ECB (DG-S). It shall be composed of about three representatives of NCBs and NSIs each.<sup>22</sup> Representatives of national supervisory authorities may be invited by the Chairpersons.
6. The general objective of the exercise is to propose an appropriate way forward for statistics (in particular infra-annual financial balance sheets and transactions) on ICPFs at European level in a cost-effective way.
7. Based on this objective, the Task Force should undertake the following actions:
  - a. Liaise with a selected number of main institutional users to produce a list of general data requirements against which the current data availability should be evaluated;
  - b. Conduct a stock-taking exercise on the national availability of harmonised data on ICPFs with a particular focus on assessing the possibility of fulfilling European statistical needs by means of supervisory data;
  - c. Propose an action plan to improve the availability of harmonised statistics on ICPFs, including a proposal on the allocation of responsibilities to take this process forward.
8. The Task Force may present its final report at the June 2006 meeting of the Committee on Monetary, Financial and Balance of Payments Statistics.
9. The Task Force may meet twice.

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<sup>22</sup> The Committee of Insurance and Occupational Pension Supervisors (CEIOPS) was invited to participate in the work of the TF, but declined due to a heavy work load in the context of Solvency II.