

The following text has been elaborated by the CAA for information purposes. The French version of this Circular letter is the only authentic version.

Circular letter 21/6 of the Commissariat aux Assurances on the annual reporting of Luxembourg direct insurance undertakings, as amended

Consolidated version of 15 March 2022¹

Following the introduction of a new annual reporting template, which differs from its predecessor mainly in terms of format, the references to the various tables contained in circular letter 03/2 on the annual reporting of Luxembourg direct insurance undertakings are no longer current.

The main objectives of the new format introduced are the simplification and security of the Excel file. For ease of interfacing, all tables use fixed RowColumnCodes, similar to the quantitative reporting required by the Solvency II Directive – hereafter Solvency II - (as defined below).

Other new features introduced in the reporting file are

- a column for exchange rate differences on technical provisions in the technical account tables,
- the addition of a table on UK activity for statistical purposes,
- additional tables for encoding information on portfolio entries and withdrawals,
- the integration of the undertaking data sheet in the reporting file,
- visibility of validation test formulae and
- in the context of AML/CFT requirements, a new table in life insurance on the breakdown of gross premiums written in non-EEA countries.

In addition, the tables relating to the former solvency margin and AML have been removed from the new annual reporting file.

It should be noted that the simplified organisational chart requested to complete the undertaking data sheet has been replaced by a more complete organisational chart providing information on all shareholders, including natural persons and persons acting through a trust, a foundation or similar legal arrangement holding a direct or indirect qualifying interest of 10% or more in the capital and/or voting rights of the insurance undertaking.

For the sake of readability and clarity, it has been decided to replace Circular letter 03/2 with a completely new circular letter rather than to amend it.

The Executive Board

¹ Circular letter 21/6 has been amended by circular letter 22/5

I. General

The following provisions set out instructions and relevant explanations for the annual reporting of life and non-life insurance undertakings to the Commissariat aux Assurances as from the financial year 2020. These provisions extend to the group organisation chart which complements the undertaking data sheet.

In addition to the reporting requested by Solvency II, the annual reporting of insurance undertakings to the Commissariat aux Assurances comprises the following elements:

1. the annual report which itself includes:
 - the reproduction of quantitative data from the annual accounts;
 - the statement of deposit agreements;
 - the annual statement of assets representing technical provisions; and
 - the undertaking data sheet;
2. the organisation chart of the group
3. the annual accounts with the auditor's report
4. the management report of the board of directors
5. the minutes of the ordinary annual general meeting of shareholders approving the accounts and allocating the results
6. the actuarial report
7. the special report ("rapport distinct") of the approved auditor
8. the undertaking's Solvency II special report.

All these documents must be submitted in electronic format in accordance with the naming convention published by the CAA. For the narrative documents under points 2 to 8, undertakings are encouraged to use native PDF format rather than scanned documents.

The dates, transmission channels and other reporting arrangements are communicated each year through an information note from the CAA.

The reports referred to under points 6, 7 and 8 are subject to separate circular letters.

II. The Annual Accounting Report

The annual accounting report to the Commissariat aux Assurances comprises the following sections:

1. the annual accounts tables which reproduce data from the annual accounts;
2. the deposit agreements table;
3. the annual statement of assets covering technical provisions;
4. the "report" itself, consisting of technical and non-technical accounts and supplementary tables, which may differ between life and non-life insurance, and;
5. the undertaking data sheet.

All amounts to be reported must be expressed in the currency used for the undertaking's annual accounts.

The exchange rates to be applied to transactions in currencies other than that of the annual accounts must be chosen according to generally accepted accounting principles and must be the same as those used for the undertaking's general accounting.

Within the context of this circular letter, reference to

- the "Law" shall mean the amended law of 8 December 1994 relating to:
 - the annual and consolidated accounts of insurance and reinsurance undertakings governed by the laws of Luxembourg;
 - the obligations in relation to the drawing up and publication of accounting documents of branches of insurance undertakings governed by the laws of Luxembourg, as amended;
- "the Solvency II directive" shall mean the Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance.

In the following, any reference to CPR.V tables shall be deemed to refer to the life insurance annual report and all reference to CPR.D tables shall be deemed to refer to the non-life insurance annual report.

II.1. The Annual Accounts

The data to be reproduced under the section "annual accounts" in the CAA file must be consistent with the annual accounts of the insurance undertaking, drawn up in accordance with the provisions of the Law and audited by the approved auditor.

This data includes the balance sheet, the profit and loss account and other quantitative data presented in the notes to the annual accounts.

In addition to these figures, which shall be in accordance with the audited annual accounts there are:

- the allocation of results and
- reconciliations with certain data in the reporting section.

Where the final auditor's report has not yet been issued, the annual accounts for this report shall be filled on the basis of figures relating to a draft auditor's report or, where appropriate, to figures drawn up by the insurance undertaking.

Where the provisional figures differ from the final figures in the auditor's report, the undertaking shall submit a corrected report within two weeks of the date of publication of the final auditor's report.

II.1.1 Allocation of results

Insurance undertakings must attach a copy of the minutes of the general meeting of shareholders' decision on the allocation of the results for the financial year to the annual. If the annual general meeting has not yet decided on the allocation at the date the annual accounting report is filed, the proposed allocation as it is or will be submitted to annual general meeting shall be indicated under the relevant items.

If the annual general meeting decides on an allocation of results different from the one proposed and shown in the annual report, the insurance undertaking must submit a revised annual report within two weeks of the annual general meeting which has made such a decision.

II.1.2 Supplementary tables relating to annual accounts

The other tables under the section "annual accounts" relate to information contained in the notes to the annual accounts.

They concern:

- the breakdown of life insurance premiums (CPR.V.0060),
- the present value of investments (CPR.D.0060 and CPR.V.0070) and
- the breakdown of personnel costs (CPR.D.0090 and CPR.V.0110).

Tables CPR.V.0080, CPR.V.0090, CPR.V.0100 and tables CPR.D.0070 and CPR.D.0080 are reconciliation statements generated automatically from other tables in the file that cannot be completed manually. Their purpose is to facilitate the search for sources of discrepancies in the event of error messages.

II.2. Deposit Agreements Tables

The deposit agreements tables (CPR.V.0040 or CPR.D.0040) are pre-filled with data on the depository banks with which the insurance undertaking has concluded a deposit agreement in accordance with circular letter 16/9 on the deposit of securities and cash used as assets representing the technical provisions of direct insurance undertakings. The values of the assets deposited with these banks must be filled in this table.

An additional line is used to enter the value of assets held in deposit accounts included in the permanent inventory of assets covering technical provisions but not covered by a deposit agreement.

The line "other banks" is reserved exclusively for the identification of possible errors and omissions among the agreements pre-filled by the CAA. If the undertaking fills in this line, a detailed explanation will be submitted with the report, specifying the agreement(s) in question, proof of approval by the CAA, the amounts deposited with each bank, and the identity of each bank: official name, LEI code, country of registration (for a branch, the country of establishment), and commercial register number.

Any errors or changes relating to an agreement clearly identified among the pre-filled agreements should be reported to the CAA by a separate letter, specifying the agreement number in the first column.

II.3 The Annual Statement of Assets Covering the Technical Provisions

The annual statement of assets covering the technical provisions (tables CPR.V.0050 and CPR.D.0050) must be completed in accordance with the provisions of circular letter 19/10 of the Commissariat aux Assurances setting the rules concerning the permanent inventory of the assets covering the technical provisions provided for in Article 118 of the amended law of 7 December 2015 on the insurance sector. However, all amounts must be reported in the currency of the undertaking's financial statements.

Despite its name, the annual statement of assets covering technical provisions contains a column showing the breakdown of assets not allocated to represent technical provisions. Only unallocated assets classified under items C and G. II of asset side of the balance sheet are to be included in this column. In the event that an asset is only partially allocated, the unallocated part must be entered in the column for unallocated assets NAF.

II.4 The Reporting tables

The Reporting section includes several tables relating to the technical profit and loss account, the non-technical account and tables requesting additional information relating to the undertaking's activity over the past year.

II.4.1 The technical profit and loss account

The section of the Report covering the technical profit and loss accounts comprises:

- “Country tables” by country of commitment, respectively by country of risk location (tables CPR.V.0120 and CPR.D.0100). Insurance undertakings must complete a technical profit or loss account for each Member State of the EEA in which they take commitments or underwrite risks. They must complete a technical profit and loss account for all their insurance activities outside the EEA territory;
- a separate table for commitments made or risks underwritten in the territory of the United Kingdom which serves statistical purposes (CPR.V.0121 and CPR.D.0101), the figures for the United Kingdom must nevertheless also be included in the insurance business reported outside of the EEA;
- a table CPR.V.0130 and CPR.D.0110 on ceded reinsurance;
- three summary tables of the technical profit and loss account relating to all contracts written:
 - tables CPR.V.0150 and CPR.D.0130 grouping the figures by class of insurance, gross of reinsurance, regardless of the country in which the commitments are made or the risk is situated,
 - tables CPR.V.0160 and CPR.D.0140 providing the same figures net of reinsurance and
 - tables CPR.V.0170 and CPR.D.0150 summarising the figures by country grouping all classes of insurance.

In accordance with Article 13 point 14) of the Solvency II directive, the country of the commitment is defined as being the country where the policyholder has his habitual residence or, if the policyholder is a legal person, the Member State where the latter’s establishment, to which the contract relates, is situated.

In accordance with Article 13 point 13) of the Solvency II directive, the country in which the risk is situated is defined as follows:

- the country in which the property is situated, where the insurance relates either to buildings or to buildings and their contents, in so far as the contents are covered in the same insurance policy;
- the country of registration, where the insurance relates to vehicles of any type;
- the country where the policyholder took out the policy in the case of policies of a duration of four months or less covering travel or holiday risks, whatever the class concerned;
- the country where the policyholder has his habitual residence or, if the policyholder is a legal person, the country where the latter’s establishment, to which the contract relates, is situated, in all cases not explicitly referred to by the foregoing sub-paragraphs.

The country of commitment of the contract or in which the risk is situated is determined at the moment the contract is concluded and cannot be modified thereafter, notwithstanding a subsequent change of address of the policyholder.

The summary table by country should allow undertakings to identify any potential unexplainable and often unjustified differences in profitability between countries, and to take the necessary corrective measures. In most cases these differences result from the use of inadequate allocation keys or from the reclassification of provisions from one country to another during the course of the year. In the absence of corrective measures, significant differences must be justified in the accompanying letter.

The technical profit and loss accounts data by country must be broken down into the following classes and sub-classes of insurance:

a) for life insurance

- life insurance not linked to investment funds individual or group life insurance of a lumpsum nature where the insured event depends on the duration of human life and where the undertaking bears an investment risk;
- non-linked marriage or birth insurance
- life insurance linked to investment funds individual or group life insurance lumpsum, other than that relating to the management of group pension funds, where the undertaking bears no investment risk;
- permanent health insurance
- tontines
- capital redemption operations operations based on an actuarial technique whereby, in return for single or periodic payments, commitments of duration and amount are undertaken, the insurance undertaking bearing an investment risk;
- management of group pension funds;
- reinsurance accepted.

Note that unit-linked capital redemption operations are to be reported under the class “life insurance linked to investment funds”.

Amounts relating to multisupport contracts partly linked to guaranteed return funds, are to be broken down between the “life insurance not linked to investment funds” class - or “capital redemption operations” for the part providing a guaranteed return -, and the “life insurance linked to investment funds” class for the part of the contract for which the policyholder bears the investment risk. In absence of any insurance undertaking authorised for the classes of insurance “permanent health insurance” and “tontines”, the relevant cells in the annual report are not currently accessible.

b) for non-life insurance

Reporting Class	Class according to Annex I of the Solvency 2 Directive
– accident	– accident
– health	– sickness
– motor insurance: - theft - hull	– land vehicles: - theft - other risks
– railway insurance (hull)	– railway rolling stock
– aviation insurance (hull)	– aircraft
– maritime insurance (hull)	– ships
– goods in transport	– goods in transit
– fire insurance: - residential property	– fire and natural forces: - simple housing risks

- agricultural property - commercial and industrial property	- agricultural risks - commercial and industrial risks
- other risks to property	- other damage to property
- motor liability	- motor vehicle liability
- aviation liability	- aircraft liability
- maritime liability	- liability for ships
- general domestic liability - general liability other than domestic	- general liability: - household liability - other liability
- credit insurance	- credit
- surety insurance	- suretyship
- miscellaneous loss insurance	- miscellaneous financial loss
- legal protection	- legal expenses
- assistance	- assistance
- inward reinsurance	- reinsurance accepted

Insurance undertakings must include both direct insurance and inward reinsurance in the technical profit and loss accounts (tables CPR.V.0120 and CPR.D.0100). However, retrocession of reinsured risks included on the outward reinsurance account must be excluded. Consequently, income and expenses included in each of the technical profit and loss accounts should take into account the entire business, gross of reinsurance ceded.

Description of Items

Important preliminary comments

- a) The accounting plan for insurance undertakings foreseen by the Law requires a breakdown of overhead expenses according to their purpose.

Thus, the item "claims paid" comprises not only the amount of the claims per se, but also the settlement costs related thereto. Equally, the internal administrative costs relating to investment management are not included under the item of overhead expenses, but must be included under the item "net financial income" of the technical account. Finally, the column "acquisition costs" comprises, in addition to commissions, those overhead expenses incurred in the contract acquisition, such as advertising costs, file opening costs etc.

Nevertheless, for prudential reasons and for the sake of statistical continuity, the report comprises a table showing all overhead expenses paid during the course of the financial year (tables CPR.V.0190 and CPR.D.0170).

In addition, tables CPR.V.0200 and CPR.D.0180 request a breakdown of these overhead expenses into different items such as "acquisition costs", "expenses incurred in the payment of claims", "operating expenses" etc. according to the principles of the accounting plan as laid down in the Law.

- b) The items in the technical profit and loss account "summary tables" correspond exactly to the items in the technical profit and loss account as published by the undertaking in accordance with the provisions of the Law. Consequently, the amounts shown in the corresponding items of the two documents must be identical.

Equally, the difference between the amounts shown in the different items of the technical provisions at the end of the financial year and those relating to the beginning of the financial year must correspond to the variation of these provisions as shown in the profit and loss account published by the undertaking.

In the event that there is a discrepancy between the figures shown in the two documents, the undertaking must attach an explanatory note to the annual report detailing the reasons underlying this difference and allow for a reconciliation of the technical provisions between these two documents (quantified explanation of differences by origin).

Column – Gross written premiums

Premiums written shall comprise all amounts due during the financial year in respect of insurance contracts, regardless of the fact that such amounts may relate in whole or in part to a later financial year, and shall notably include:

- a) premiums yet to be written, where the premium calculation can be done only at the end of the year;
- b) single premiums, including annuity premiums;
- c) additional premiums in the case of half-yearly, quarterly or monthly payments and additional payments from policyholders to cover the costs of the insurance undertaking;
- d) in the case of co-insurance, the undertaking's portion of the total premiums;
- e) reinsurance premiums from ceding and retroceding insurance undertakings, including portfolio entries in respect of unearned premiums and unexpired risks,

after deduction of:

- portfolio withdrawals in respect of unearned premiums and unexpired risks credited to ceding and retroceding insurance undertakings,

and

- cancellations.

The above amounts shall not include taxes or fiscal charges levied with premiums.

This item corresponds to item II 1) a) of Article 46 of the Law for life insurance and to item I 1) a) of Article 46 of the Law for non-life insurance.

Column - Inward transfers (life insurance only)

Insofar as certain life insurance contracts may fall into different classes of insurance, notably multisupport contracts, the figures in the Accounting report are to be split across the relevant classes.

Moreover, the split between these classes may not be fixed over time as arbitrages may be made in view of the fact that transfers may be made between underlying funds providing a guaranteed return and those where the investment risk is borne by the policyholder, these transfers being possible at the initiative of either the insurer or the policyholder.

Column 2 shows the amounts switched to a specific class of insurance from another class, i.e. inward transfers. Column 10 details outward transfers. Transfers within the same class of insurance should not be included in the figures in columns 2 and 10.

Column - Net financial income

This item includes all financial income generated solely by the assets representing the technical provisions, net of any corresponding costs and expenses, but gross of any corresponding reinsurance amounts.

The breakdown of net investment income by country of underwriting is pre-filled for all countries except Luxembourg, according to an allocation key defined by the CAA. If the insurance undertaking considers that this allocation does not correctly reflect its business, it can change these fields itself. However, if a field is changed for a given country and line of business, the automatic allocation no longer works for the other countries and the insurance undertaking must change all the countries in relation to this given line of business so that the total is consistent again. The undertaking is invited to comment on the changes it has made in this respect in an explanatory note.

Financial income from assets not required to cover technical provisions, notably, that resulting from the investment of own funds, is only to be reported in tables CPR.V.0180 and CPR.D.0160.

Column – Exchange rate impact

This item includes exchange rate effects relating to the revaluation of technical provisions for foreign currency transactions (all types of technical provisions).

Column - Unearned premium provision at the beginning of the year (non-life insurance only)

This item covers the provision for unearned premiums, at the beginning of the financial year as defined in Article 35 of the Law. The amount of the unearned premium provision at year start is pre-filled on the basis of the technical provisions at year end reported in the previous year.

Column - Provisions for claims at the beginning of the year

This item includes the provision for claims, gross of reinsurance, at the beginning of the financial year as defined in Article 37 of the Law. The amount of the claims provision at year start is pre-filled on the basis of the technical provisions at year end reported in the previous year.

Column - Life insurance provision at the beginning of the year (life insurance only)

This item includes the life insurance provision, gross of reinsurance, at the beginning of the financial year as defined in Article 36 of the Law. The amount of the life insurance provision at year start is pre-filled on the basis of the technical provisions at year end reported in the previous year.

Column - Other technical provisions at the beginning of the year (non-life insurance only)

This item comprises the other technical provisions at the beginning of the financial year. The amount of the other technical provisions at year start is pre-filled on the basis of the technical provisions at year end reported in the previous year.

Column - Other technical income

Other technical income, gross of reinsurance, as included under item II 4) of Article 46 of the Law and item I 3) of Article 46 of the Law respectively, must be accounted for under this item.

For non-life insurance, income for the financial year, received or receivable, arising out of the acquisition of rights by policyholders with respect to third parties (subrogation) or of the legal ownership of insured property (salvage) shall, in particular, be included under this item.

This item does not include, for either life insurance or non-life insurance, income not directly related to insurance activities, which must be accounted for in the Non-Technical Account. It does not include extraordinary income resulting from a portfolio transfer, such extraordinary income should be included in the Non-Technical Account.

The breakdown of other technical income according to country of commitment or country in which the risk is situated and class of insurance must be carried out contract by contract or by default, on an allocation key to be determined by the undertaking.

Column – Acquisition costs

This item corresponds to the total of items II 8 a) and b) of Article 46 of the Law for life insurance undertakings and to the total of items I 7 a) and b) of Article 46 of the Law for non-life insurance undertakings.

Acquisition costs are the costs incurred in concluding the insurance contracts. They shall include both directly attributable direct costs, such as acquisition commissions or the cost of opening files and admitting insurance contracts into the portfolio, as well as indirect costs, such as advertising costs or the administrative expenses related to the processing of proposals and the issuing of policies.

Acquisition costs shall also include contract renewal fees.

It should be stressed out that the acquisition costs included under this item are not those actually paid during the course of the financial year, but those chargeable to the current financial year. It is therefore essential to take the change in any deferred acquisition costs brought forward into account. It is important to keep in mind that for the deferral of acquisition costs in life insurance, the authorisation of the Commissariat is required.

The breakdown of acquisition costs by country of subscription is pre-filled for all countries except Luxembourg, according to an allocation key defined by the CAA. If the insurance undertaking considers that this allocation does not correctly reflect its activity, it can change these fields itself. However, if a field is changed for a given country and line of business, the automatic allocation no longer works for the other countries and the insurance undertaking must change all the countries in relation to this given class of insurance in order for the total to be consistent. The undertaking is invited to comment on the changes it has made in this respect in an explanatory note.

The movement of acquisition costs charged in the financial year to those actually paid, and the breakdown between commissions, other acquisition costs and variations in the amount of acquisition costs brought forward must be indicated in tables CPR.V.0250 and CPR.D.0180.

Column – Management costs

This item corresponds to item II 8 c) of Article 46 of the Law for life insurance undertakings and to item I 7 c) of Article 46 of the Law for non-life insurance undertakings.

Management costs shall include the costs of premium collection, portfolio administration, handling of bonuses and rebates and reinsurance accepted and ceded. They shall in particular include staff costs and depreciation provisions in respect of office furniture and equipment, insofar as this expenditure need not be shown under acquisition costs, claims incurred or investment charges.

This item is therefore a residual item that shall summarise all general expenses - such as general management expenses - not directly related to acquisition costs, claims settlement or investment management.

The breakdown of management costs by country of subscription is pre-filled for all countries except Luxembourg, according to an allocation key defined by the CAA. If the insurance undertaking considers that this allocation does not correctly reflect its activity, it can change these fields itself. However, if a field is changed for a given country and line of business, the automatic allocation no longer works for

the other countries and the insurance undertaking must change all the countries in relation to this given class of insurance in order for the total to be consistent. The undertaking is invited to comment on the changes it has made in this respect in an explanatory note.

Column - Claims paid

This item corresponds to item II 5 a) aa) of Article 46 of the Law for life insurance undertakings and to item I 4 a) aa) of Article 46 of the Law for non-life insurance undertakings.

This item shows the amounts paid by the insurance undertaking in respect of commitments arising from insurance contracts.

Internal and external management charges linked to the payment of claims must also be included under this item.

Column - Outward transfers (life insurance only)

Please refer to the explanations relating to the Column – Inward Transfers

Column – Provision for unearned premiums at the end of the year (non-life insurance only)

This item shows the provision for unearned premiums at the end of the financial year, as indicated in item C I under liabilities in the balance sheet, determined in Article 7 of the Law and defined in Article 35 of the Law.

The unearned premium provision comprises the portion of gross premiums that are to be allocated to the next or subsequent financial years.

The provision for unearned premiums shall be calculated separately for each insurance contract. However, statistical methods and in particular proportional or flat-rate methods, where they may be expected to give approximately the same results as individual calculations may be used. The use of such methods for classes of insurance other than reinsurance shall be subject to authorisation by the Commissariat aux Assurances.

For those insurance classes where the risk cycle does not allow the use of a pro-rata temporis method to be applied, calculation methods should be applied which take account of the differing pattern of risk over time.

The provision for unexpired risks should not to be recorded under this item, but shall be accounted for under the item “Other provisions”.

Column – Provision for claims at the end of the year

This item shows the claims outstanding at the end of the financial year as laid down in item C III under liabilities in the balance sheet, set out in Article 7 of the Law and defined in Article 37 of the Law.

In life insurance, the following rules must be respected:

- The amount of the provision for claims shall be equal to the sums due to beneficiaries, plus the costs of settling claims. It includes the provision for claims incurred but not reported.
- The amounts constituting the above provision may also be included in whole or in part in the amount shown under the item “Life Insurance Provision”. Whichever option chosen, the same approach should be adopted as for the preparation of the annual accounts.

In non-life insurance, the following rules must be respected:

- The provision is equal to the total estimated ultimate cost to an insurance undertaking of settling all claims arising from events which have occurred up to the end of the financial year, whether reported or not, less the amounts already paid in respect of such claims.
- As a consequence, both internal and external claim settlement expenses should be included in the claims provision, regardless of their origin.
- A provision shall be calculated separately for each claim on the basis of the costs still expected to arise. Statistical methods may however be used, either to supplement or to replace a provision calculated on a claim by claim basis. If a statistical method is used instead of a case by case method, the provision calculated must result in an adequate provision, having regard to the nature of the risks, and, in all such instances the use of such methods is subject to approval of the Commissariat aux Assurances.
- This provision should also allow for claims incurred but not reported by the balance sheet date; its amount shall be determined having regard to past experience as to the number and amounts of claims reported after the balance sheet date.
- Recoverable amounts arising from the acquisition of any insured's rights against third parties (subrogation) or from the legal ownership of insured property (salvage) should not be deducted from the claims provision.
- Where the settlement resulting from a claim is to be paid in annual instalments, the amounts to be set aside for this purpose shall be calculated on the basis of recognised actuarial methods.
- Any deduction or discount, explicit or implicit, whether resulting from the valuation of the provision for a claim to be settled at a lower present value than the foreseeable amount of the settlement to be made subsequently or otherwise, is prohibited.

Column - Life insurance provision at the end of the year

This item shows the total amounts at the end of the financial year of:

- the life insurance provision as laid down in items C I, C II and D under liabilities in the balance sheet, as set out in Article 7 of the Law and defined in Articles 35, 36 and 41 of the Law;
- the provision for bonuses and rebates as laid down in item C IV under liabilities in the balance sheet and defined in Article 38 of the Law;

and

- the other technical provisions as shown in item C VI under liabilities in the balance sheet, as set out in Article 7 of the Law and defined in Article 40 of the Law.

The life insurance provision must be calculated in accordance with the rules in Article 72 of the Law, as supplemented by the Commissariat aux Assurances' instructions - and in particular those laid down in Circular letter 95/3 - and in accordance with the technical notes filed with the Commissariat.

The life insurance technical provisions shall be calculated using a sufficiently prudent actuarial method, taking into account all future liabilities as mentioned in the policy conditions for each unexpired contract. They need to include in particular an appropriate amount in order to meet any future management costs linked to the contracts. It is reminded that life insurance provisions cannot be reduced by non-amortised acquisition costs, either by zillmerisation or by any other method. Subject to an authorisation by the Commissariat, not yet amortised acquisition costs may be entered on the assets side of the balance sheet (see explanations relating to column 7).

Where the technical bases shown in the technical notes communicated to the Commissariat prove to be insufficient with regard to the general principle of prudence, the technical provisions resulting from a

pure and simple application of these bases must be increased appropriately. This increase is to be mentioned in table CPR.V.0230 which provides for a breakdown of the life insurance provision into four categories:

– *mathematical provisions, in accordance with the technical notes:*

This item shows the amount of the mathematical provisions calculated contract by contract, in accordance with the content in the corresponding technical note. It includes not only the main guarantees of insurance contracts, but also supplementary benefits, which may be optional, and bonuses and rebates which have already been individually assigned.

– *additional provisions for management expenses*

This item shows the amount of management costs which the undertaking will require in excess of the amounts taken into account by way of the management charges laid down in the technical notes, in order to be able to effectively carry out the management of life insurance contracts.

– *other additional provisions*

This item must include all amounts – other than those shown in the second indent above – provisioned in addition to the provisions resulting from the application of the parameters of the technical notes. The additional provisions under this item should not be confused with the provisions in respect of supplementary guarantees, which need to be included in the mathematical provisions in accordance with the technical notes.

For example, this could include the amounts to be provisioned in the event of a shortfall in the mortality tables as selected in the technical note, provisions made in the event of a decrease in the return on the underlying assets below the rates guarantees granted to policyholders on the provision for AIDS risk.

– *provisions for bonuses, not yet individually assigned*

This item includes the amounts of item C IV of the balance sheet of the Law. It is important to note that this item does not include bonuses and rebates which has already been individually assigned to policyholders.

Column - Other technical provisions at the end of the year

This item includes in particular:

- the provision for unexpired risks, as defined by Article 40 of the Law.

This item shall comprise the amount set aside in addition to the unearned premiums to cover risks to be borne by the insurance undertaking after the end of the financial year, so as to be able to meet all claims and expenses relating to current in insurance contracts in excess of the unearned premiums and premiums due in respect of such contracts.

The provision for unexpired risks shall be computed on the basis of claims and administrative expenses likely to occur after the end of the financial year and arising from contracts concluded before that date insofar as their estimated value exceeds the provision for unearned premiums and any premiums receivable under those contracts.

- the provisions for ageing set up by undertakings underwriting health insurance according to the technical principles of life insurance.
- equalisation provisions as defined in Article 39 of the Law.

Included under this item are any equalisation provision which must be set up in accordance with any legal, regulatory or administrative provision. In this respect, it is important to note that no equalisation provision can be set-up in the absence of such legal, regulatory or administrative provisions.

This item shows the amount of these provisions at the end of the financial year.

A breakdown of the item "Other technical provisions" must be provided together with the cover letter to the Annual Report.

Column - Other technical expenditure

Other technical charges included in item II 11) of Article 46 of the Law for life insurance and in item I 8) of Article 46 of the Law for non-life insurance shall be shown in the present column, but these amounts need to be indicated gross of reinsurance.

This item is a residual item that shall only be used in exceptional cases. Under no circumstances is it permissible to include the entire overhead expenses not directly related to individual insurance policies - such as general management costs - under this item.

This item does not include the charges not directly linked to the insurance activity, which must be accounted for in the non-technical account. Nor does it include extraordinary charges arising from a portfolio acquisition, as such charges are to be reported in the non-technical account.

The breakdown of other technical charges by country of commitment or country in which the risk is situated or by classes of insurance must be carried out contract by contract, or by default, on an allocation key to be established by the undertaking.

The tables relating to portfolio entries and withdrawals

The portfolio entry/withdrawal tables associated with tables CPR.V.0120 and CPR.D.0100 are to be used for accepted risk transfers. These tables should only be completed in the event of portfolio entries or withdrawals during the financial year and should be provided for information purposes. The figures for portfolio entries and withdrawals should be included in the technical profit and loss accounts by country.

This includes all material portfolio entries or withdrawals as well as reinsurance contracts of the type 'loss portfolio transfers', involving the acquisition or transfer of technical provisions. In case of doubt about the need to complete these tables, companies are invited to consult the CAA.

The values are to be filled in at the date of the portfolio entry or withdrawal.

II.4.2 The Outward Reinsurance Account

In addition to the technical profit and loss accounts, which provide information on the activities of the insurance undertaking gross of reinsurance, the outward reinsurance account (tables CPR.V.0130 and CPR.D.0110) provides information on the undertaking's ceded reinsurance.

The outward reinsurance account must be completed by class of insurance. However, for non-proportional treaties (e.g. excess of loss ...) and for facultative reinsurance covers with guarantees covering several classes of insurance, insurance undertakings shall allocate cash-flows resulting from these reinsurance coverages based on the allocation key established by themselves.

Description of items

Column - Outward reinsurance premiums

Outward reinsurance premiums shall include all premiums paid or payable in respect of outward reinsurance contracts entered into by the insurance undertaking. Portfolio entries in respect of unearned premiums and unexpired risks payable upon the conclusion or alteration of outward reinsurance contracts shall be added; portfolio withdrawals in respect of unearned premiums and unexpired risks to be written back must be deducted.

This item corresponds to item II 1 b) of Article 46 of the Law for life insurance and to item I 1 b) of Article 46 of the Law for non-life insurance.

Column - Inward Transfers - Reinsurers' Share (life insurance only)

This item shows the reinsurers' share of inward transfers. Given that so-called "multi-support" contracts are rarely reinsured, except for the risk premium, transfers between classes of insurance will generally not have any impact on reinsurers' liabilities and this column will remain empty.

Column - Net Financial Income - Reinsurers' Share

This item shows the amounts paid to the reinsurer, offset against the financial charges sustained by the latter, as a result of assets put at the disposal of the ceding insurance undertaking, or deposited by the reinsurer with the ceding insurance undertaking. These amounts are only to be indicated where they are included in the accounting of the ceding insurance undertaking itself.

This item is not defined as such in the layout of Article 46 of the Law. Where the insurance undertaking accounts for investment charges and income, net of reinsurance in the published accounts, the breakdown between the gross amounts and those relating to outward reinsurance is to be carried out in the Annual Accounting report. On the other hand, on the assumption that the financial income ceded to the reinsurer is included in other reinsurance charges, the amount to be included in column 'other reinsurance charges' should take into account the amounts already included for in this column.

Column – Exchange rate impact- Reinsurers' Share

This item includes exchange rate effects relating to the revaluation of technical provisions, reinsurers' share, for foreign currency transactions (all types of technical provisions combined).

Column - Unearned Premium Provision at the beginning of the year - Reinsurers' Share (non-life insurance only)

This item shows the reinsurers' share of unearned premiums at the beginning of the financial year. The amount of the unearned premium provision at the beginning of the year, reinsurers' share, is pre-filled on the basis of the closing technical provisions reported in the previous year.

Column - Claims Provision at the beginning of the year - Reinsurers' Share

This item shows the reinsurers' share for outstanding claims at the beginning of the financial year. The amount of the opening claims provision, reinsurers' share, is pre-filled on the basis of the closing technical provisions reported in the previous year.

Column - Life Insurance Provision at the beginning of the year - Reinsurers' Share

This item shows the reinsurers' share of the life insurance provision at the beginning of the financial year. The amount of the opening life insurance provision, reinsurers' share, is generally already pre-filled on the basis of the closing technical provisions reported in the previous year.

Column - Other Technical Provisions at the beginning of the year - Reinsurers' Share (non-life insurance only)

This item shows the reinsurer's share of other technical provisions at the beginning of the financial year. The amount of the opening other technical provisions, reinsurers' share, is pre-filled on the basis of the closing technical provisions reported in the previous year.

Column - Other Reinsurance Charges

This item shows the residual charges borne by the insurer as a result of the reinsurance contracts entered into and corresponds to item II 4) of Article 46 of the Law for life insurance and to item I 3) of Article 46 of the Law for non-life insurance.

Column - Reinsurance Commissions and Profit Participations

This item comprises all the commissions received from reinsurers, as well as all amounts relating to profit participations received under reinsurance contracts.

It corresponds to item II 8 d) of Article 46 of the Law for life insurance and to item I 7 d) of Article 46 of the Law for non-life insurance.

Column - Claims Paid - Reinsurers' Share

This item includes the reinsurers' share of claims paid by the insurance undertaking; it corresponds to item II 5 a) bb) of Article 46 of the Law for life insurance and to item I 4 a) bb) of Article 46 of the Law for non-life insurance.

Column - Outward Transfers - Reinsurers' Share (life insurance only)

This item shows the reinsurers' share of outgoing transfers.

Column – Provision for Unearned Premium at the end of the year - Reinsurers' Share at the end of the year (non-life insurance only)

This item shows the reinsurers' share of the provision for unearned premiums at the end of the financial year.

It corresponds to item E I of the asset side of the balance sheet for which the layout is defined in Article 7 of the Law. The difference between Columns 9 and 3 corresponds to the amount shown in item I 1 d) of Article 46 of the Law.

Column - Claims Provision at the end of the year - Reinsurers' Share

This item shows the reinsurers' share of outstanding claims at the end of the financial year; it corresponds to item E III of the asset side of the balance sheet for which the layout is defined in Article 7 of the Law. The difference between Columns 10 and 4 corresponds to the amount shown in item II 5 b) bb) of Article 46 of the Law for life insurance and in item I 4 b) bb) of Article 46 of the Law for non-life insurance.

Column - Life Insurance Provision at the end of the year - Reinsurers' Share (life insurance only)

This item shows the reinsurers' share of the life insurance provision at the end of the financial year; it corresponds to item E II of the asset side of the balance sheet for which the layout is defined in Article 7 of the Law. The difference between the Columns 11 and 5 corresponds to the amount shown in item II 6 a) bb) increased by the reinsurers' share for which the amount is defined in item II 6) b) of Article 46 of the Law.

Column - Other Technical Provisions at the end of the year - Reinsurers' Share (non-life insurance only)

This item shows the reinsurer's share of other technical provisions at the end of the financial year.

It corresponds to item E V of the asset side of the balance sheet for which the layout is defined in Article 7 of the Law.

Column - Other Reinsurance Income

This item provides information on the residual income received by the insurer as a result of the reinsurance contracts entered into by it.

It corresponds to item II 11) of Article 46 of the Law for life insurance and to item I 8) of Article 46 of the Law for non-life insurance.

The tables relating to portfolio entries and withdrawals

The portfolio entry/withdrawal tables associated with tables CPR.V.0130 and CPR.D.0110 are to be used for ceded risk transfers. These tables should only be completed in the event of portfolio entries or withdrawals during the financial year and should be provided for information purposes only. The figures for portfolio entries and withdrawals should be included in the outward reinsurance account.

This includes all material portfolio entries or withdrawals as well as loss portfolio transfers, involving the acquisition or transfer of technical provisions. In case of doubt about the need to complete these tables, companies are invited to consult the CAA.

The values are to be filled in at the date of the portfolio entry or withdrawal.

II.4.3 The Non-technical account

The non-technical account (tables CPR.V.0140 and CPR.D.0120) broadly corresponds to the outline of item III of Article 46 of the Law.

Taxes payable due by the insurance undertaking must be shown in the non-technical account. In accordance with the accounting rule on the distinction of financial years, these are obviously taxes to be charged to the financial year in question and not taxes actually paid during the course of the year.

Where taxes have been paid abroad, with the exception of any taxes on insurance premiums, these also need to be disclosed in the non-technical account.

Moreover, all income and charges of the insurance undertaking which are not directly linked to insurance activities of the undertaking must be entered in the non-technical account.

Finally, the result of the financial year shown at the bottom of the non-technical account must correspond to the result shown in the undertaking's published accounts and drawn up in accordance with the principles laid down in the Law.

II.4.4 Tables common to Life and Non-Life Insurance

Tables relating to investment income and charges (CPR.V.0180 and CPR.D.0160)

Whereas the income generated from the assets underlying the technical provisions is subject to a breakdown by class of insurance and country of commitment or in which the risk is situated in the technical profit and loss accounts “by country”, the total investment income, including income from own funds, must be broken down in two ways:

a) by nature

For life insurance undertakings, the investment income included in this table corresponds to point II, 2 (*of Article 46*) of the Law, whereas the investment charges correspond to point II, 9 (*of Article 46*) of the Law.

For non-life insurance undertakings, the investment income included in this table corresponds to point III, 3 (*of Article 46*) of the profit and loss account, whereas the investment charges correspond to point III, 5 (*of Article 46*) of the profit and loss account.

In accordance with the principle of booking overhead expenses by purpose, the item investment charges also includes the internal administrative expenses of investment management.

It is important to note that the amortisation of discounts is included in the item of unrealised gains and must therefore not be included in interest income.

b) by origin

This breakdown takes the allocation of assets generating financial income into account. It distinguishes between the net financial income generated by the assets underlying the technical provisions and that generated by the insurance undertaking's other assets.

Insofar as, in life insurance, insurance undertakings choose to transfer part of the financial income to the non-technical account, this amount must, in principle, be equal to the financial income generated by the insurance undertaking's assets not underlying the technical provisions. Similarly, for non-life insurance, the amount of net financial income transferred to the technical account must correspond, in principle, to the net investment income generated by the underlying assets as reported in the “country tables”.

Thus, tables CPR.V.0180 and CPR.D.0160 contain the total financial income, which should correspond to the cumulative total of the amounts shown in items II 2), II 3), II 9), II 10) and III 7a) of the published profit and loss accounts for life insurance and to the cumulative total of the amounts shown in items III 3), III 5) and III 7a) of the published profit and loss account for non-life insurance.

Financial income should include the realised gains and losses on financial assets and other admissible underlying assets – such as immovable property – held by the undertaking.

Unrealised gains and losses should be included to the extent that they have been accounted for in the insurance undertaking's commercial profit and loss account. It is recalled that, in life insurance, unrealised gains and losses on assets covering the technical provisions pertaining to insurance contracts where the sum assured is determined in relation to reference values ('Unit Linked and Dedicated Fund products') must always be taken into account.

Tables relating to overhead expenses (CPR.V.0190 and CPR.V.200 and CPR.D.0170 and CPR.D.0180)

The table “Overhead expenses - breakdown by category” indicates the total overhead expenses paid by the undertaking during the course of the financial year and included in the insurance undertaking's profit and loss account, distinguishing between expenses paid directly by the undertaking and expenses which have been recharged by another Luxembourg insurance or reinsurance undertaking, in particular by virtue of a cost-sharing agreement.

In the event that expenses incurred by the undertaking and intended to be recharged to a third party are taken into account only in the balance sheet without passing through the profit and loss account, they must not appear in either expenses or income on this table.

The amount of overhead expenses should not be confused with that of administrative expenses shown in the technical profit and loss account. It should be noted that the Law requires a breakdown of overhead expenses not by category but by purpose. Consequently, only the residual administrative expenses appear explicitly in the technical profit and loss account, with all overhead expenses being broken down, alongside this item, under the items acquisition costs, investment management expenses and expenses incurred in the payment of claims, and in more exceptional circumstances, sundry technical expenses or even non-technical expenses.

The main items of the table "Overhead expenses – breakdown by purpose" which relate to this breakdown – are as follows:

Acquisition Costs

Whereas the technical profit and loss accounts provide information only on the acquisition costs charged in the financial year, this table provides a breakdown of the costs actually paid, distinguishing between commissions paid, other expenses paid and changes in the deferred acquisition costs.

It should be remembered once again that for life insurance the deferral of acquisition costs may only be carried out subject to the prior approval of the Commissariat and in accordance with the conditions laid down in Circular letter 95/7.

Investment Management Expenses

This item includes the amount of internal investment management expenses the total of which is shown in point II letter h) of tables CPR.V.0180 and CPR.D.0160 "Investment income and charges".

Given that financial income generated by the assets not underlying the technical provisions is not broken down by different classes of insurance, the investment management expenses related to this income should be entered in the last line at the bottom of this table.

Expenses Incurred in the Payment of Claims

This item includes all costs of claims settlement both internal and external, paid by the undertaking during the course of the financial year. In the technical account, these expenses are included under the item "Claims Paid".

Operating Expenses

This item corresponds to the item "management costs" in the technical account.

Overhead Expenses included in Sundry Technical Charges

The item "overhead expenses included in sundry technical charges" shall only exceptionally include a share of overhead since the item "Operating expenses" is itself already a residual item intended to include all technical overall expenses not directly attributable to the acquisition of contracts, investment management or settlement of claims.

Overhead Expenses included in Non-Technical Charges

Overhead expenses may be generated by activities not directly linked to the insurance undertaking's principle activity. These overhead expenses must be accounted for in tables CPR.D.0180 and CPR.V.0200. under the item "Expenses included in the non-technical charges" and shown under the item "Other Charges not directly attributable to the technical business" of the non-technical account. Insofar as they flow through the profit and loss account, the costs of personnel borne by the undertaking and intended for the management of another insurance or reinsurance undertaking belonging to the same group are, for example, to be accounted for under this item.

It is imperative that the total of the amounts paid during the financial year as shown in tables CPR.D.0180 and CPR.V.0200 is equal to the total of the fourth column of tables CPR.D.0170 and CPR.V.0190 "Overhead expenses - breakdown by category".

Tables Relating to Personnel Employed (CPR.V.0220 and CPR.D.0200)

A double breakdown of personnel on the financial year-end-date is requested, namely a breakdown on the basis of the nationality of the social security regime to which the employee belong, and a breakdown on the basis of the nationality of the employees.

Tables Relating to the Breakdown of Sundry Income and Charges (CPR.V.0240 and CPR.D.0220)

This table must be completed compulsorily if an amount appears in columns 'other technical income' or 'other technical charges' of the "country tables", columns 'other reinsurance charges' or 'other reinsurance income' of tables CPR.V.0130 and CPR.D.0110 covering outward reinsurance, or in the items income and other charges not directly attributable to the technical business in the non-technical account.

The wording should be chosen in such a way as to provide properly detailed information on the nature of the relevant income and charges, whilst wording such as "sundry income" or "sundry charges" should be avoided at all costs.

Tables Relating to the Breakdown of Premiums Written Outside the European Economic Area (CPR.V.0280 and CPR.D.0240)

This table breaks down premiums written outside the European Economic Area by class and by country. For allocating business to a specific country, the definition of the state of the commitment or the state in which the risk is situated, as given in the second paragraph of Point II.4.1 above, applies.

Tables Relating to the Breakdown of Outward Reinsurance Premiums by Country of Head Office of the Ceding Party (CPR.V.0290 and CPR.D.0250)

While the tables CPR.V.0130 and CPR.D.0110 request the breakdown of outward reinsurance premiums by class of insurance, this table distinguishes by country of the head office of the ceding parties. The total of the two tables should obviously be identical.

Tables Relating to the Number of Contracts and the number of Insured Persons in group insurance (CPR.V.0270 and CPR.D.0230)

These tables are to be completed on the basis that contracts providing guarantees in respect of two or more classes of insurance must be treated as if they represent as many separate contracts as there are classes of insurance concerned.

Tables Relating to Statistics on New Business by Method of Distribution (CPR.V.0300 and CPR.D.0260)

These tables only concern premiums payments related to new contracts concluded during the financial year. Premiums on contracts renewed by tacit agreement or express renewal are not to be included.

For contracts with regular premiums (monthly, quarterly or annual), the premiums relating to an entire year should be entered, notwithstanding the fact that certain installments may still be collected after the end of the financial year.

For life insurance contracts with flexible payments, the total of the initial premium (on an annual basis, not taking into account any installments) and subsequent flexible payments made during the financial year of the conclusion of the contract should be taken into account.

If forms of distribution not listed in this table are used, an explanation must be provided in a separate letter.

Tables Relating to Complaints Handling (CPR.V.0320 and CPR.D.0270)

The report on complaints handling has been removed from the quarterly statements of assets representing technical provisions and included in the annual reporting.

II.4.5 Tables Specific to Life Insurance

Table Relating to the Breakdown of the Life Insurance Provision (CPR.V.0230)

The explanations relating to this table have been given under the point "Column - Life insurance provision at the end of the year" above.

Table Relating to the Amortisation of Deferred Acquisition Costs in Life Insurance (CPR.V.0250)

This table is only to be completed provided the undertaking proceeds with the deferral of acquisition costs after authorization, in accordance with the conditions laid down in Circular letter 95/7 of the Commissariat aux Assurances.

The second column shows the total amount of acquisition costs relating to the underwriting year and which have been deferred. The undertaking may choose either to show only the deferral as at the end of the underwriting financial year or to indicate the total of the deferrals effected after each contract has been issued, in which case the amortisation effected in the same underwriting year must be provided in the relevant column.

In the fourth column, covering new or additional deferrals, the fields referring to underwriting years, other than the last one, should normally be left blank. It is only in exceptional cases, where deferrals effected previously are subject to upward adjustments, that amounts may appear in those other years. Detailed grounds for the upwards adjustments should be attached.

The Table Relating to the Evolution of the Number of Contracts (CPR.V.0260)

This table summarizes the evolution of the number of contracts, starting with the contracts in force at the beginning of the financial year, to which new contracts issued (net of cancellations effected under discontinuation rights) are added and from which contracts which have matured or been fully surrendered are deducted.

The data shall be broken down as to whether or not the contracts are of regular premiums – i.e. there is a legal commitment to pay future premiums at clearly defined dates as from the conclusion of the contract. Irrespective of the death of the life assured, which would normally release the benefit payment,

single premium contracts or contracts with optional premiums shall be differentiated according to whether they are fixed term, that is to say that the exact date of expiry of the contract is specified, or are written for whole of life.

The Table on Statistics on the Application of Article LIR 111a (CPR.V.0310)

The table on the marketing of pension insurance products in accordance with Article 111a of the Income Tax Act has been removed from the quarterly statements of assets representing technical provisions and integrated into the annual reporting.

The Table Relating to the Breakdown of Premiums written by Country of establishment of the bank from which the payment is made and breakdown of claims paid by country of establishment of the bank to which the payment is made (CPR.V.0282)

This table shows the total gross premiums written by the undertaking and the total gross claims paid by the undertaking, broken down by country of establishment of the sending (of the premium amount) or receiving (of the claim amount) bank.

The table includes 4 lines, each covering a special case:

- R0020 (unlisted and unregistered assets): Case of a contribution in kind of an unlisted financial asset that cannot be registered with a custodian bank.
- R0030 (cash contribution): Case of a direct cash / cash payment.
- R0040 (internal transfer / same banking institution): Case of an incoming (gross written premiums) or outgoing (gross paid claims) arbitration or case of a payment to or from the same banking institution.
- R0050 (to be detailed in the covering letter): All other cases that do not fit into the other lines and that the company is invited to explain in its covering letter to the annual reporting.

II.4.6 Tables Specific to Non-Life Insurance

The Table Relating to the Breakdown of Claims Outstanding Provision (CPR.D.0210)

This table provides for the breakdown of the claims outstanding under the following items:

- claims provisions, on a case by case basis;
- provision for external settlement expenses, on a case by case basis;
- IBNR provisions, calculated globally;
- other provisions, calculated globally;
- provision for internal settlement expenses, calculated globally.

II.5 The Undertaking Data Sheet

The undertaking data sheet is used to check and, if necessary, to update the information of the undertaking as recorded in the databases of the CAA. The information pre-filled by the CAA corresponds to the situation prior to sending the file. The undertaking must return the undertaking data sheet to the CAA in order to represent the situation as it stands after the holding of the statutory meetings on the annual accounts.

The undertaking data sheet covers the following types of information:

- the undertaking's contact details;
- the key function holders;
- the composition of the board of directors;
- the group to which the undertaking belongs;
- shareholders (legal persons) with qualifying holdings;
- shareholders (natural persons) with qualifying holdings;
- subsidiaries, associates and joint-ventures;
- branches;
- claims representatives in motor liability insurance (non-life insurance only);
- internal collective funds (life insurance only).

Most of the information in the sheet is subject to prior licensing, notification or approval by the CAA. Except for corrections of errors in the CAA records, any changes to the above items must be notified to the CAA in due form without delay.

The undertaking data sheet must be completed with an organization chart of the shareholders and shareholdings of the undertaking.

II.6 Validation

The validation sheet gives an overview of the error messages generated by the undertaking's indications. These are messages relating to missing information in the various tables, consistency problems or requests for further explanations of the information provided. In the event that error messages are indicated in the validation sheet, the undertaking is requested to attach to its reporting an explanatory note in which it provides explanations for each of the error messages identified in the validation sheet.

III. The Organization Chart

The group organization chart does not need to show all the entities belonging to the same group as the undertaking. Thus, branches and "sister" entities of the undertaking are not required on the organization chart. Instead, the group organization chart presents all natural or legal persons and entities with a qualifying holding determined in accordance with the Joint Guidelines of the European Supervisory Authorities (JC/GL/2016/01) which was communicated in the CAA's information note on changes in shareholding of direct insurance undertakings and reinsurance undertakings of 28 September 2017.

This organization chart must include the following information

a) downstream of the insurance undertaking:

- all direct or indirect holdings of 10% or more within the meaning of Article 43 (26) of the amended law of 7 December 2015 on the insurance sector, in another undertaking, whatever its field of activity,

(b) upstream of the insurance undertaking:

- all shareholders, including natural persons and persons acting through a trust, trusts, foundations or similar legal arrangements with a direct or indirect qualifying holding of 10% or more in the capital and/or voting rights of the insurance undertaking.

The organization chart to be submitted to the CAA must show:

- a (current) reference date at which the organization chart is valid;
- the exact name of each legal entity shareholder as it appears in the Trade and Companies Register (RCS or the same for another country) or in the Articles of Association;

- whether the legal person is subject to prudential supervision (for companies in the insurance sector);
- the surname and first name of each individual shareholder as it appears on his or her identity document;
- the percentage holding in the capital and voting rights (if different from the percentage in the capital) of each direct and indirect shareholder.

To determine whether a shareholder crosses the 10% threshold, the holding ratio is calculated in accordance with the Joint Guidelines JC/GL/2016/01 of the European Supervisory Authorities (see in particular Annex II of these guidelines) and not by a simple "mathematical" approach (product of successive shareholdings) which would dilute the majority shareholders (see also the qualitative approach applicable to the identification of beneficial owners in the explanatory guide issued by the Luxembourg Register of Beneficial Owners).

It is important to note that, pursuant to Article 87 of the amended law of 7 December 2015 on the insurance sector, any potential shareholder intending to cross the 10%, 20%, 30% or 50% thresholds must have obtained prior approval from the CAA, by submitting a change of shareholding file.

Special cases:

- Even in the absence of capital links, the entity at the head of a supervised group to which the undertaking belongs must be presented on the organization chart, particularly in the case of a mutual group. It is assumed that the undertaking is controlled by means other than ownership of capital or voting rights.
- Where applicable, shareholders' agreements should also be indicated on the organization chart.
- Where one or more persons are declared to the Register of Beneficial Owners (RBE) outside their role as directors, each of these persons must be shown on the organization chart and identified in the information sheet regardless of the percentage of ownership. This remains valid if the declaration to the RBE is not published pursuant to Article 15 of the law of 23 January 2019 establishing a register of beneficial owners.
- Qualifying shareholders or beneficial owners may be presented as a grouping only if they are related in the first degree and the person holding the majority of the voting rights is precisely identified in the information sheet.

Table on Complaints handling

Key terms

Complaint

The notion of complaint is to be understood in the sense of circular letter 14/1.

Closed complaint

A complaint is to be considered as closed:

- if it has been the subject of a final written reply by the insurance undertaking which gives satisfaction to the complainant, and if the measures proposed to rectify the situation are accepted by the complainant, or
- if it has been the subject of a final written reply by the insurance undertaking rejecting the complaint as unfounded, with reasons, and if the complainant is informed of the options available to pursue the complaint.

Register

The register of complaints is to be understood in the sense of circular letter 14/1.

Country of underwriting

The country of underwriting is the state in which the risk is located or the state in which the commitment is made within the meaning of Article 43, points 15 and 17, of the amended law of 7 December 2015 on the insurance sector.

Reason

To maintain consistency with the data to be reported to EIOPA, the reasons correspond to those defined by EIOPA. However, three reasons of complaints have been added, namely dissatisfaction with the asset management in unit-linked business, complaints relating to the performance or revaluation of life insurance contracts and complaints in relation to PRIIPs KID.

Sales practices

For EIOPA, this category includes the following complaints: « *any complaints related to the sales of insurance products. This may include unfair commercial practices (misleading advertisement), infringement of information requirements, any kind of market conduct related issues in accordance with sales practices e.g. marketing/sales literature, advising, selling and arranging, misselling, poor advice, advertising/communication with public, etc.* »

Premiums

For EIOPA, this category includes the following complaints: « *any complaints related to calculation of the premium, encashment issues, redemption issues etc.* »

Commissions and charges

For EIOPA, this category includes the following complaints: « *any complaints related to commission, charges, e.g. complaints on surrender value, overcharging, undercharging, early redemption/surrender/ etc.* »

General and specific conditions of the contract

For EIOPA, this category includes the following complaints: « *any complaints related to the terms and conditions of the insurance contract stipulated in the contractual documentation. Complaints on e.g. changes in the contracts, unilateral modification of the contract, illegal termination of the contract, unfair contractual terms, insurance coverage, interpretation of contractual terms, etc.* »

Claims management and settlement

For EIOPA, this category includes the following complaints: « *any complaints related to insurance claims, claim-handling, issues with compensations, refusal of the claims, insufficient compensation, performance/ lack of return, delays in issuing claims, any kind of claims disputes, etc.* »

General administration

For EIOPA, this category includes the following complaints: « *any complaints related to administration, e.g. general administration, administration failure/error, failure of the IT system, online accessibility, non-compliance with duty of secrecy, infringement of personal data/insurance data, discriminatory practices, statement of account, documentation, disputed transactions, misappropriation/fraud, customer service/general, etc.* »

Non-life lines of business

In order to avoid unnecessarily burdensome reporting, the table does not include all non-life lines of business, but focuses on those with the largest number of contracts taken out by private consumers. Even though a contract may include risks from different classes, a complaint often refers to a specific cover and it is therefore appropriate to report a complaint in the line of business to which it refers; if this is not possible, the complaint should be classified in the line of business under which most of the premium is paid.