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Solvency II Health Checker
Your report through a regulator's lens

Under Solvency II mandate, national supervisors are requesting extensive, very detailed information from insurers, prescribed by European Insurance and Occupational Pensions Authority (EIOPA). Both the national supervisors and the EIOPA use this dataset to identify insurers with inadequate equity. Solvency II Health Checker looks at your filing to spot data points that require special attention, prior to submission to the national supervisor.

Insurers are likely to trigger close scrutiny by the national supervisor or EIOPA if deemed insolvent. Knowing what areas might draw their attention, can help you to anticipate possible questions from the regulators.

The regulator's lens
The supervisor evaluates the health of your organization by running two types of tests on your data. The data used is in the XBRL format that has been adopted by EIOPA to enable the efficient processing of financial information in digital form.

The first test verifies the quality of the data to check whether the dataset meets all technical validation rules as defined by the EIOPA, e.g. paid claims across different lines of business equals to the total claim amount. If your data fails these checks, it might indicate that your control of the data submitted and the underlying processes are insufficient.

Following the technical test, the supervisor will run a content evaluation, which looks at the actual data reported, e.g. value of Technical provisions and the amount of premiums is allocated to the correct portfolios, and it should be consistent with the overall balance sheet and profit & loss account. If this test fails, your insurance entity could merit a closer inspection.

Solvency II Health Checker
The Solvency II Health Checker facilitates generation of Pillar 3 reports, followed by validation of the reports. Report data is filled in an easy-to-use Excel template which resembles the QRT templates specified by EIOPA. The Health Checker converts this Excel data into the XBRL report format, according to the XBRL taxonomy specified by EIOPA.

The Health Checker then validates your report against the technical validation rules as documented by EIOPA. It checks the structure of the data against the EIOPA templates and the consistency between the data points.

In addition, Solvency II Health Checker incorporates custom business rules at EU, country and client level to assess your company's performance/risk profile. With these custom business rules, the vast amount of data can be harvested to improve your business in various ways.

The result of the Solvency II Health Check is an easy-to-use Excel spreadsheet that shows all the data in your Solvency II report, highlighting technical validation errors and pinpointing data points that might trigger closer inspection. These findings will be discussed with you by a Deloitte domain expert. Carrying out the health check gives you the possibility to fix errors in your report prior to submission.

Why Deloitte

Deloitte supports many insurance entities in different countries in improving their regulatory programs and has an in-depth understanding of the regulations and the challenges being encountered. We also bring our extensive experience of digital reporting using XBRL to the service. Deloitte's XBRL experts advise both public and private sector clients in the adoption and implementation of XBRL. That collective know-how of Deloitte domain experts across the EU has been applied to formulate the custom rule sets in the Solvency II Health Checker and provide our clients with this service.

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