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## Revision of financial account surveys (investmentBOP project) – insurance corporations

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## 1. Overview

investmentBOP is a statistical project conducted by the Swiss National Bank (SNB). As part of this project, new surveys will be introduced to replace the quarterly and annual direct investment surveys (INVU/INVE) and the quarterly survey of assets and liabilities vis-à-vis third parties abroad (GUTQ2). The reporting date for the new INQ quarterly survey is 31 September 2014, and for the INP and INA annual surveys, it is 31 December 2014.

This change is necessary in order to conform, from the 2014 reporting year onwards, with new international standards issued by the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) on drawing up the balance of payments, the international investment position, and the statistics on direct investment. Furthermore, the new surveys comply with the requirements of the bilateral statistical agreement with the EU.

This background note provides information on the objectives of the revision and the major changes compared to the previous surveys. In addition, the results of the consultation procedure with selected reporting institutions will be explained and the basic components and structure of the new surveys defined, including features specific to insurance corporations. This is followed by a timetable of the changeover. In the appendix, the differences between the existing and the new surveys are presented. You will find the complete specification of the surveys (INP, INQ, INA) in separate Excel documents.

For any questions regarding the project, please e-mail us at [investmentBOP@snb.ch](mailto:investmentBOP@snb.ch)

## 2. Objectives of revision

By replacing the existing surveys, the SNB is pursuing the following objectives:

- Compliance with the requirements of
  - the new IMF and OECD international standards on drawing up the balance of payments, the international investment position, and the statistics on direct investments
  - the bilateral statistical agreement with the EU
- Closing gaps in statistical data and improving data quality
- Carrying out consistent and understandable surveys
- Facilitating submission of data with an online portal (eSurvey)

## 3. Legal basis of survey

As previously, the Federal Act on the Swiss National Bank of 3 October 2003 (National Bank Act), the Ordinance on the National Bank Act of 18 March 2004 (National Bank Ordinance), and the appendix to the currency treaty between the Swiss Confederation and the Principality of Liechtenstein of 3 November 1998 form the basis for collecting the statistical data required to draw up the balance of payments and the statistics on the international investment position.

Furthermore, international agreements also oblige the SNB to collect such data:

- Switzerland's membership in the International Monetary Fund (IMF)
- Bilateral agreements<sup>1</sup> between Switzerland and the EU in the area of statistics

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<sup>1</sup> Primarily Regulation (EC) no. 184/2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment (expires at the end of 2013 to be replaced by Regulation (EC) no. 555/2012).

## **4. Major changes**

The major changes to the survey are listed below. For a list of all major changes, please see the appendix.

### **4.1. New survey structure and data collection by group**

The technical contents have been reclassified. The SNB now collects data on both direct investment and on other cross-border financial linkages in the same survey for the entire group in Switzerland. Moreover, the SNB no longer collects data separately on specific industries for insurance corporations. As a rule, large insurance corporations will therefore be required to submit one quarterly and one annual survey, while other insurance corporations will be required to submit two annual surveys. This will be explained in more detail in section 6 of this document. Replacing the existing survey also means that all items will be reported from the perspective of the group in Switzerland whenever possible.

### **4.2. eSurvey online portal**

The SNB will process the new financial account surveys via the eSurvey web portal which is currently already being used for the current account surveys. This portal is an individualised and secure solution for the submission of survey data.

### **4.3. Content changes**

#### **1. Survey of cross-border intragroup loans**

The SNB now collects data for intragroup lending to affiliated companies abroad, whereas previously it had only collected data for lending to third parties abroad. This closes a gap in the statistics.

#### **2. Quarterly surveys: Breakdown by country**

Owing to higher international requirements, quarterly data will now also be broken down by geographical location. As a result, the quarterly survey is being expanded.

#### **3. Equity capital share abroad: Direct participations only**

The survey on the equity capital share in participations abroad (previously INVE, Z121) has been simplified. In future, it will be limited to the country of the direct participation.

#### **4. Data on business activities of participations abroad**

Information on the business activities was previously confined to the number of staff of participations abroad. The new survey will also include turnover and the number of participations abroad.

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## 5. Consultation with selected reporting institutions

In the fourth quarter of 2012, the SNB consulted individual insurance corporations on the drafts for the new INP and INQ surveys. The following questions were posed:

- Is the survey clearly structured and easy to complete?
- Is the content of the draft surveys understandable?
- Do you find the explanations and notes helpful?
- What is your estimate of the time and effort required to complete the survey compared with previous surveys?

The main results relating to the content of the survey were as follows:

- Both surveys are clearly and understandably structured.
- The explanatory notes and links between the different forms are helpful.
- Companies are able to report the additional items.
- Group level reporting is generally possible.
- The additional time and effort required to complete the survey depends on the structure and reporting system of the group.

With regard to the submission of data, the insurance corporations surveyed suggested that the handling of the forms be simplified.

## 6. New surveys

### 6.1. Changes in grouping of contents

The SNB is replacing the previous surveys (INVE, INVU and GUTQ2) with new ones. For large insurance corporations,<sup>2</sup> there will be an annual survey (INP) and a quarterly survey (INQ), and for all other insurance corporations, there will be two annual surveys (INP and INA). Replacing the existing surveys also means that all financial account data will be consistently reported from the perspective of the group in Switzerland. The following tables (1 and 2) compare the previous and new financial account surveys.

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<sup>2</sup> The amount of capital stock vis-à-vis other countries applies.

Table 1: Surveys for large insurance corporations

	Previously	New
Annual	<b>INVE</b> survey <ul style="list-style-type: none"> <li>Equity capital shares and transactions, reinvested earnings</li> <li>Operational data (number of staff)</li> <li>Breakdown by country</li> </ul>	<b>INP</b> survey <ul style="list-style-type: none"> <li>Equity capital shares and transactions, results, dividends</li> <li>Operational data (number of staff, turnover, number of participations)</li> <li>Breakdown by country</li> </ul>
Quarterly	<b>INVU</b> survey <ul style="list-style-type: none"> <li>Equity capital transactions, contributions to cover losses, dividends</li> <li>No breakdown by country</li> </ul>	<b>INQ</b> survey <ul style="list-style-type: none"> <li>Equity capital transactions, dividends</li> <li>Stocks of intragroup lending, interest receipts</li> <li>Assets and liabilities vis-à-vis third parties abroad, interest receipts</li> <li>Breakdown by country</li> </ul>
	<b>GUTQ2</b> survey <ul style="list-style-type: none"> <li>Assets and liabilities vis-à-vis third parties abroad, interest receipts</li> <li>No breakdown by country</li> </ul>	

Table 2: Surveys for other insurance corporations

	Previously	New
Annual	<b>INVE</b> survey <ul style="list-style-type: none"> <li>Equity capital shares and transactions, reinvested earnings</li> <li>Operational data (number of staff)</li> <li>Breakdown by country</li> </ul>	<b>INP</b> survey <ul style="list-style-type: none"> <li>Equity capital shares and transactions, results, dividends</li> <li>Operational data (number of staff, turnover, number of participations)</li> <li>Breakdown by country</li> </ul>
		<b>INA</b> survey <ul style="list-style-type: none"> <li>Stocks of intragroup lending, interest receipts</li> <li>Assets and liabilities vis-à-vis third parties abroad, interest receipts</li> <li>Breakdown by country</li> </ul>
Quarterly	-	-

There are no longer any industry-specific surveys; all companies are now required to complete the same surveys. However, the surveys to do take characteristics specific to certain industries into consideration.

## 6.2. Structure of specialist content in surveys

Charts 1 to 3 show how the specialist content in each survey is structured. The breakdown by counterparty refers to the relationship to the counterpart item in the financial linkage (investor, participation, subsidiary or third party).

Chart 1: INP survey (annual) for insurance corporations with cross-border participations<sup>3</sup>

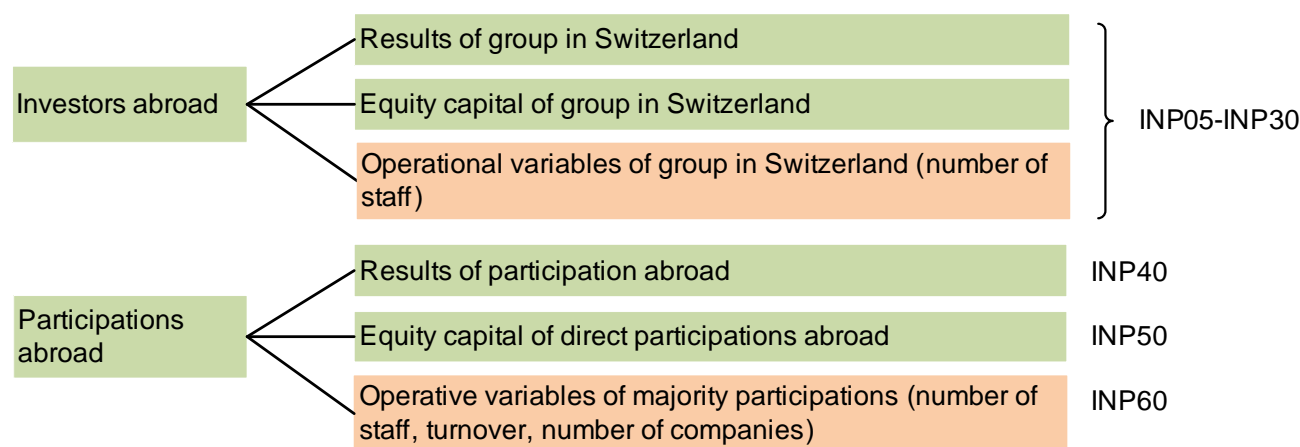


Chart 2: INQ survey (quarterly) for insurance corporations with large cross-border capital linkages<sup>4</sup>

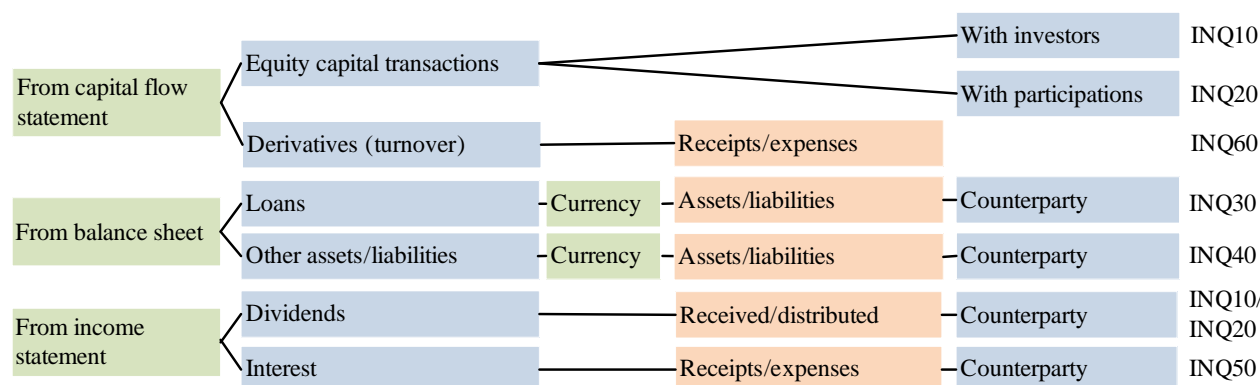
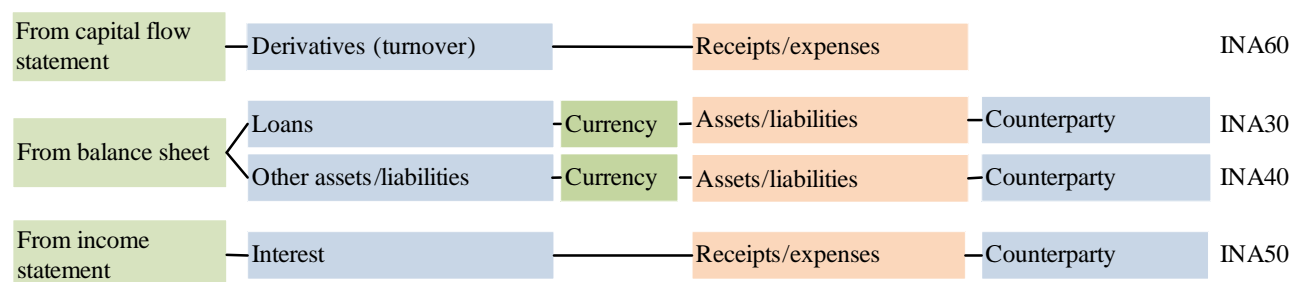


Chart 3: INA survey (annual) for all other insurance corporations with cross-border capital linkages<sup>5</sup>



<sup>3</sup> For the duty to report, the amount of capital stock vis-à-vis other countries applies.

<sup>4</sup> For the duty to report, the amount of capital stock vis-à-vis other countries applies.

<sup>5</sup> For the duty to report, the amount of capital stock vis-à-vis other countries applies.

## 7. Changeover timetable

September 2013	Preliminary information for all reporting institutions – online publication of specifications of INQ quarterly survey and INP and INA annual surveys
November 2013	Information for all reporting institutions – online publication of definitive INQ quarterly survey (Excel)
February 2014	Information for all reporting institutions – online publication of definitive INP and INA annual surveys (Excel)
30 April 2014	Standard submission deadline for last INVE annual survey (2013)
31 July 2014	Standard submission deadline for last INVU and GUTQ2 quarterly surveys (Q2 2014)
31 October 2014	First submission deadline for new INQ quarterly survey (Q3 2014)
30 April 2015	First submission deadline for new INP and INA annual surveys (2014)

## Appendix: Overview of changes

### General changes

Item	Previously	New	Explanation / Purpose
UID (Identification Number for Businesses)	Not surveyed	To be surveyed	Necessary for the unique identification of companies; simplifies comparisons with external sources.
Current accounting standard	Not surveyed	To be surveyed	Useful for validation of reported data.
Classification according to General Classification of Economic Activities (NOGA)	In accordance with NOGA2002	In accordance with NOGA2008	Ensures comparability with other statistics / requirements of statistical standards
List of countries	209 countries	231 countries	In line with Eurostat breakdown / requirements of statistical standards



## Quarterly survey (insurance corporations with large cross-border capital linkages<sup>6</sup>)

Item	Previously (INVU/GUTQ2)	New (INQ)	Explanation / Purpose
All items	No breakdown by country	Breakdown by country	Requirements of statistical standards
Loans with equity capital character	Reported under equity capital	Reported under loans	Requirements of statistical standards
Contributions to cover losses	To be reported as separate item	To be reported as financial flows in equity capital	Requirements of statistical standards
Loans, stock (assets and liabilities)	Intragroup lending not surveyed / Non-group lending surveyed in GUTQ2	All loans in same survey (INQ), intragroup lending to be surveyed	In line with international methods; closing gap in statistics; data available in accordance with data from insurance corporations
Loans, stock in previous quarter	Surveyed	Not surveyed	New survey would be too extensive.
Trade credits and advances	Not surveyed separately	To be surveyed separately	Requirements of statistical standards
Bonds and money market instruments	Current item name: Bonds and money market instruments	New item name: - Short-term debt securities - Long-term debt securities	In line with statistical standards
Bonds and money market instruments	Not broken down by relationship to counterparty	To be broken down by relationship to counterparty	Requirements of statistical standards
Derivative financial instruments and structured products, stock	Surveyed under same item	Derivative financial instruments and structured products surveyed as separate items	Requirements of statistical standards
Interest expenses and receipts	Interest expenses and receipts on intragroup lending not surveyed / Interest expenses and receipts on non-group lending surveyed in GUTQ2	All interest expenses and receipts to be reported in same survey (INQ)	In line with international methods; closing gap in statistics; in line with accounting methods in companies

<sup>6</sup> For the duty to report, the amount of capital stock vis-à-vis other countries applies.

## Annual survey (insurance corporations with large cross-border capital linkages<sup>7</sup>)

Item	Previously (INVE)	New (INP)	Explanation / Purpose
Equity capital of participations abroad	Direct and indirect participations must be reported by country; with a 'statistical consolidation' of indirect participations in all countries.	Only countries with direct participations must be reported; with a 'statistical consolidation' only of indirect participations which are domiciled in country of direct participation.	In line with statistical standards
Loans with equity capital character	Reported under equity capital	Reported under loans (in INQ quarterly survey)	Requirements of statistical standards
Contributions to cover losses	To be reported in INVU quarterly survey as separate item	To be reported as financial flows in equity capital	Requirements of statistical standards
Dividends	To be reported only in INVU quarterly survey as separate item	To be reported in quarterly (INQ) and annual (INP) surveys as separate item	Standardisation of surveys; improved validation of data
Equity capital of previous year	Not surveyed	To be surveyed	Validation of data
Corporate results	Not surveyed separately	To be surveyed separately	Necessary due to step-by-step calculation of reinvested earnings; improved validation of data
Variables on operational activity of majority interests (direct and indirect)	Number of staff	Number of staff, turnover, number of participations	Future requirement of Eurostat; compensating for loss of information on equity capital of indirect participations

<sup>7</sup> For the duty to report, the amount of capital stock vis-à-vis other countries applies.

## Annual survey (other insurance corporations with cross-border capital linkages<sup>8</sup>)

Item	Previously (INVE) [possibly also INVU, GUTQ2 quarterly]	New (INP, INA)	Explanation / Purpose
Equity capital from participations abroad	Direct and indirect participations must be reported by country; with a 'statistical consolidation' of indirect participations in all countries.	Only countries with direct participations must be reported (INP); with a 'statistical consolidation' only of indirect participations which are domiciled in country of direct participation.	In line with statistical standards
Loans with equity capital character	Reported under equity capital	Reported under loans (INA)	Requirements of statistical standards
Contributions to cover losses	[To be reported in INVU quarterly survey as separate item]	To be reported in annual survey (INP) as financial flows in equity capital	Requirements of statistical standards
Dividends	[To be reported only in INVU quarterly survey as separate item]	To be reported in annual survey (INP) as separate item	Standardisation of surveys; improved validation of data
Equity capital of previous year	Not surveyed	To be surveyed	Validation of data
Corporate results	Not surveyed separately	To be surveyed separately	Necessary due to step-by-step calculation of reinvested earnings; improved validation of data
Variables on operational activity of majority interests (direct and indirect)	Number of staff	Number of staff, turnover, number of participations	Future requirement of Eurostat; compensating for loss of information on equity capital of indirect participations

<sup>8</sup> For the duty to report, the amount of capital stock vis-à-vis other countries applies.

Loan, stock (assets and liabilities)	[Intragroup lending not surveyed / Non-group lending surveyed in GUTQ2]	All loans in same survey (INA), intragroup lending to be surveyed	In line with international methods; closing gap in statistics; data available in line with data from insurance corporations
Trade credits and advances	[Not surveyed separately]	To be surveyed separately (INA)	Requirements of statistical standards
Bonds and money market instruments	[Current item name (GUTQ2): Bonds and money market instruments]	New item name (INA): - Short-term debt securities - Long-term debt securities	In line with statistical standards
Bonds and money market instruments	[Not broken down by relationship to counterparty]	To be broken down by relationship to counterparty (INA)	Requirements of statistical standards
Derivative financial instruments and structured products, stock	[Surveyed under same item (GUTQ2)]	Derivative financial instruments and structured products surveyed as separate items (INA)	Requirements of statistical standards
Interest expenses and receipts	[Interest expenses and receipts on intragroup lending not surveyed / Interest expenses and receipts on non-group lending surveyed in GUTQ2]	All interest expenses and receipts to be included in same survey (INA)	In line with international methods; closing gap in statistics; in line with accounting methods in companies