

Bank of England

Prudential Regulation Authority

Minutes

PRA/ABI Industry engagement group on regulatory reporting reform – first meeting

18 November 2021

Location: Teams Call

Attendees: Members of the PRA

Representatives of the following insurance firms and trade bodies:

ABI

Aviva

AXA XL

Direct Line

Foresters

Just

M&G

Phoenix

PIC

Rothesay

Royal London

RSA

Lloyd's

L&G

IUA

Apologies: Representatives of the following insurance firms and trade bodies:

Association of Financial Mutuals

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1.	Welcome and introduction
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The PRA Chair opened the meeting and provided an overview of the purpose of the engagement group and a reminder of progress to date on the SII Reporting Reforms work-stream within the context of the wider SII Review. This includes aspects of reporting where the burden to industry may not be commensurate with the value derived from it in the regulation of UK insurance firms.

- The PRA's consultation on the first phase concluded on the 8th of October 2021. The Chair thanked all who provided responses to the Consultation Paper (CP). Phase 1 was focused on swift "no-regrets" modifications.
- Phase 2, which is the focus of this engagement group, is broader and is expected to deliver more substantive reforms, including deletions, modifications and potentially new templates – but with an aim of achieving an overall improvement in the quality of reporting and a net reduction in the industry-wide reporting burden. The PRA defines the reporting burden in its broadest sense, including the formal regulatory returns as well as supplementary ad hoc reporting requested by the PRA.

The PRA is not starting with a pre-defined percentage target in mind and does not propose to commit to one. However, the PRA is committed to reviewing all templates on their merits. The discussions in this forum will help to inform the PRA's proposals on the design of the future regulatory reporting regime for UK insurers to be set out in the 2022 Phase 2 consultation for senior level consideration and decision at the Bank.

All participants introduced themselves.

2. Engagement Group 'Ground Rules' and agreement of Terms of Reference (ToR)

Openness

- The PRA will be open with the industry and expect the same in return. To ensure good quality of discussions, very early ideas or draft templates will sometimes be shared. These should be treated as such and not taken out of context. Equally, anything that the industry shares, such as an early draft template idea, should be treated in the same way by all other participants.
- All participants are encouraged to send in thoughts after the meetings if there has not been time to discuss them in the meeting.
- In addition, all are welcome to share the thoughts from the meeting in written form for additional clarity.

Overview of plan and timings for next 6 months

- The PRA will start with topics that may require a longer development timeline. This will then be followed by some focused template-by-template discussions. The PRA will particularly want to discuss templates that are of high priority for considering for change.
- The aim is to complete the bulk of the engagement group discussions by the end of March.

Helping to deliver change

The PRA needs to understand from the firms where templates may be burdensome. The PRA is planning a cost-benefit analysis of the proposed changes. The PRA anticipates that there will be a survey launched using the joint engagement group platform in order to understand the costs of these reforms for the industry. Similar surveys have been done for Banking in the past.

3. Overview of feedback on reporting from the ABI

The ABI Chair presented some slides and advised that, in their Phase 1 consultation response, the ABI made suggestions for Phase 2, as Phase 1 was seen to be quite limited. The ABI proposed a template-by-template analysis. The ABI's preference is to remove templates entirely (or at least decrease their frequency) rather than modifying/shortening them. The ABI also suggested that sometimes the PRA could get information from other external sources such as asset credit ratings.

The ABI next discussed the templates to be considered for deletion. Areas that the industry would like to explore besides the quantitative and National Specific Templates are the qualitative reporting deadlines, and frequency of reporting. The ABI Chair welcomed inclusion of ad-hoc reporting in the scope of the review. Other areas were the asset look-through, taxonomy, re-establishing a Regulatory Reporting Industry Working Group, as well as the PRA's approach to SII technical information.

The PRA noted that the Office for National Statistics (ONS) relies on some templates that underlie the Gross Domestic Product (GDP) calculations. In situations where there are other users of the data such as the ONS, the PRA advised this should be borne in mind through the template-by-template review, to avoid unintended consequences. More specifically, some templates may be retained to support the work of other users such as the ONS.

4. ABI's thoughts on reforming the SFCR & RSR

The ABI questioned the usefulness of the RSR and the SFCR, arguing that they were not seen to fulfil their purpose. For example, the RSR contains information that is largely available elsewhere, and the ABI members do not get many questions on the RSR contents from the PRA. The ABI Chair also commented that the PRA's decision to not require a full RSR for the 2020 year-end suggested that the RSR may not be a necessary return. As for the SFCR, despite containing useful information, the ABI thought that it was not widely used by policyholders, and the information it contains is available elsewhere. If retained, the ABI suggested shortening it to ensure it is useful for public consumption.

5. PRA's topics**a. Reinsurance templates**

The PRA presented a few preliminary ideas on life and non-life reinsurance reporting, including deletions and simplifications of some of the templates.

b. Possible new templates

The PRA then presented a number of draft preliminary ideas for possible new templates on the following topics:

- i. IFRS 17
- ii. Liquidity risk
- iii. Excess Capital Generation

6. AOB

The PRA asked attendees to send feedback on topics presented by the PRA. The PRA also asked the external members of the engagement group to provide to the project group a list of candidate templates for deletion or further modification, with clear rationale for the change.