

Bank of England

Prudential Regulation Authority

Minutes

PRA/ABI industry engagement group on regulatory reporting reform – ninth meeting

21 March 2022

Location: **Teams Call**

Attendees: **Members of the PRA**

Representatives of the following insurance firms and trade bodies:

ABI

AIG

AXA XL

Direct Line

Foresters

IUA/LMG

Just

L&G

M&G

Phoenix

Rothesay

RSA

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

None:

Minute **Minute**
No.

1. **Reporting by branches**

The PRA presented the slides. Around 180 European branches have entered the Temporary Permissions Regime (TPR) and Supervised Run-off Regime (SRO), so there is a significant increase in the number of branches the PRA is supervising. The removal of branch capital requirement is still under consideration by HMT. The PRA invited attention to the Modification by Consents (MBCs) that are available for the branches.

The PRA further asked for feedback as to what are the most burdensome templates, and what was the most efficient way that legal entity information could be gathered.

One industry representative queried whether, in respect to some modification, this would apply to all sizes of branches? The PRA confirmed this. The same industry representative also asked whether it was difficult to get this data from other regulators. The PRA responded that there were lots of regulators to engage with and hence this wouldn't be a very efficient exercise. Therefore, the PRA is considering other options.

The ABI asked about removing a specific template. The PRA responded that the template would be removed in line with the removal of another template, if that happens. This is under consideration (along with frequency of reporting) but no final view yet exists. This is unlikely to be removed in this consultation.

The PRA asked whether any participants at the meeting had branches. A few responded that they did, and the PRA further confirmed that there were discussions with the ABI, as a result of which the PRA was comfortable that the ABI has sufficient representation of the cohort.

2. SFCR & deadline

The PRA presented the slides, with some background information on this area. It summarised feedback from HMT's Call for Evidence, with low usage, duplication, structure, deadlines etc. being the main themes. One industry representative asked about the PRA's reliance on the SFCR. The PRA: the nature of the SFCR is different and the PRA wouldn't have powers to effect changes to it before the Future Regulatory Framework work is complete, therefore fundamental reform will be delivered in the next phase. The same industry representative stressed that external analysts will always ask for more information.

The ABI: the SFCR is a burdensome document to complete. What is the intended audience of this document? The ABI thought that it was meant to be primarily for the policyholders, and that in this regard, it had failed – it is mostly used by peers and analysts. The PRA accepted that the report wasn't the most user-friendly one and might not be useful for non-professional users. One of the proposals on the next slide is to make the report more digestible for the public.

One industry representative: the summary section is supposed to be the 'digestible' part. Also, do professional analysts use it? The same industry representative highlighted that they only receive a handful of comments from analysts. Most of the information in the report can be received from the annual reports.

The PRA: this is the kind of feedback the PRA is looking for. The PRA recognised the need for improvement.

One industry representative asked whether regulatory disclosures can be reviewed in other jurisdictions and the PRA confirmed that this was being looked at.

The ABI reiterated the need to look at the SFCR.

The industry also stressed the same point and questioned which data exactly was being used.

One industry representative: discussed the SFCR with the members, and the clicks for downloads were in single figures. Happy to explore that further with the members.

The PRA: changes to SFCR would go to Phase 3. Will consider doing roundtables.

3. **Reporting waiver**

The PRA presented its slides. The waivers have been effective in delivering proportional relief, but they do add administrative burden. It is considering making the rules more proportionate and reducing the use of waivers as a result.

One industry representative asked about long-tail business. It currently has an entity benefitting from waivers. It has only five claims, but these are all annuity-based, and it would be disproportionate to remove the waivers just because it's a long-tail book. The PRA agreed.

The ABI noted that it was: pleased to see the quarterly waiver MBC extended to Category 3 firms. It asked about applying the waivers in an automatic way. In addition, the PRA has asked firms in the past to stand able to produce the waived information, if asked. This can be burdensome too. The ABI therefore asked for firms to be able to produce the data on a 'best endeavours' basis. The PRA agreed about the burden stemming from waivers, and hence the focus on rule-based approach in the proposals, and also referenced the approach taken in Banking.

The ABI asked a question relating to a specific article in the PRA Rulebook, suggesting that this section does not seem to be used much. It asked whether the PRA could explore doing this for the smaller firms? The PRA said that its approach is to look at this at a high level and to assess if the reports are required.

One industry representative hoped that the PRA would be more sympathetic on waivers, based on the Board's usage of reports. Compliance has become a huge cost and a balance needs to be achieved.

4. Cost survey

The PRA stated that, under the Financial Services and Markets Act 2000 (FSMA), the PRA has to publish a cost estimate before making any rules. It invited the participants to take part in the cost survey. The round table results will inform the cost survey which will be distributed to the firms subsequently.

The ABI welcomed the opportunity to shape the cost survey and asked whether this will be sent directly to the firms. The PRA responded that this will be published and will probably be sent through the supervisors as well as being available on the PRA website. The ABI further commented that the roundtable isn't featured prominently on the website, specifically, it is not on the insurance reporting website. The PRA confirmed that this can be accessed.

Some participants highlighted that they didn't have invites yet, despite registering. The PRA confirmed that the invites will go out today.

The PRA made the point that granting waivers can prevent the PRA from having a full picture of the overall industry, so it has to strike a balance.

5. AOB

The PRA added that there will be SharePoint instructions sent to the participants on accessing the master document.