



**PRA Solvency II Regulatory Reporting Industry Working Group, 29 April 2016**

<b>Firm representative</b>	<b>Organisation and representing</b>
Alan Hardings	Aviva, for ABI
Andrew Watson	RSA, for ABI
Angus McLean	Baillie Gifford & Co, for ABI
Ben Terrett	UIA, for AFM
Darren Sait	JP Morgan, for The Investment Association
Jim Troy	L&G
Jane Tusar	Society of Lloyd's
Kim Harmer	E&Y, for ILAG
Michael Schofield	Assurant Solutions, for ABI
Miki Palocsai	One Family, for AFM
Nick Lowe	IUA
Philip Smith	Steve Dixon Associates, for AFM
Rebecca Wyatt	Prudential, for ABI
Steven Findlay	ABI
Susan Wright	The Investment Association
<b>Bank of England</b>	<b>Role</b>
Lewis Webber - Chair	Head of Department, Insurance Data Analytics Division and Solvency II Project Sponsor
Joanna Rose	Regulatory Data Group
Rachel Evans	Insurance Data Analytics Division Representative
Sibel Akar	Insurance Data Analytics Division Representative
Paul Wateridge	Insurance Data Analytics Division Representative
<b>Apologies</b>	
Russell Worsley	Lancashire Group, for IUA
Paul Appleton	Society of Lloyd's
Andrew Smith	XL Catlin, for ABI
Willem Van Der Westhuysen	Thomas Miller, for P&I Clubs
Roni Ramdin	RSA, for ABI
Steve Dixon	Steve Dixon Associates, for AFM

These notes are intended as a record of the discussions held at the PRA on 29 April 2016. They are not verbatim minutes and, for the benefit of those organisations that are not members of the industry working group (IWG), they indicate the themes of the discussion and questions that were raised. The views expressed are those of IWG members and do not represent guidance from the PRA.

Firms seeking clarification on aspects of these notes, or wishing to raise questions regarding regulatory reporting for discussion at the IWG, should contact the appropriate industry representative in the first instance. If firms are not represented at the IWG by a member organisation, they should submit their question to:

[PRA.FirmEnquiries@bankofengland.gsi.gov.uk](mailto:PRA.FirmEnquiries@bankofengland.gsi.gov.uk).



## Agenda

1. **Welcome and progress**
2. **Review Terms of Reference**
  - The most useful role of the IWG
  - Representation of firms and organisations
  - Key issues for 2016
3. **User Acceptance Test – Next window**
4. **Reporting go-live**
  - Timelines
  - Practicalities
5. **Data requests in 2016 and using data collected**
  - What the PRA does with the information?
  - EIOPA – added value analytics and best practice
6. **Analytics IWG**
7. **AOB**

## Key points

### 1. Welcome and progress (Lewis Webber)

- Introduction
  - a. Update from Insurance Data Analytics Division on the ongoing development of analytical tools, including Day 1, Quarterly and Peer Comparison tools
  - b. EIOPA is conducting similar work on analytics to the PRA

### 2. Review Terms of Reference

- Terms of Reference to be amended with the following points:
  - the IWG will help facilitate a two-way flow of information between firms and the PRA, against the backdrop of Solvency II reporting challenges
  - the IWG will cover both operational and analytical issues and act as a forum for sharing experiences and best practice
  - the PRA will inform the group of future decisions affecting firms
  - as 2017 will bring more granular data submissions (specifically assets/derivatives), it was agreed that the group will become more data focussed going forward
  - the PRA will invite FCA members to attend future IWG meetings to help exploit synergies and avoid unnecessary duplication of work

### 3. User Acceptance Test – Next window

- Test environment
  - the second UAT window opened on 27 April and closed on 6 May
  - access was provided to all firms – principal users received notification
  - login details were supplied to all firms when the system became available
  - login details for the live site will not work in the test environment



- firms were advised on how to ensure their vendor also gained access to the UAT system
- the system will allow testing of XBRL submissions, filing codes and EIOPA validations only. Only the 2.0.1 taxonomy will be accepted
- the test environment is subject to same stringent security features as the live site, but firms **should not** load live data into the test environment
- the UAT system is not guaranteed to be available at all times and it may be withdrawn subject to Bank of England requirements
- queries can be emailed to [solvenyallqueries@bankofengland.co.uk](mailto:solvencyllqueries@bankofengland.co.uk) and will be answered on a reasonable endeavours basis

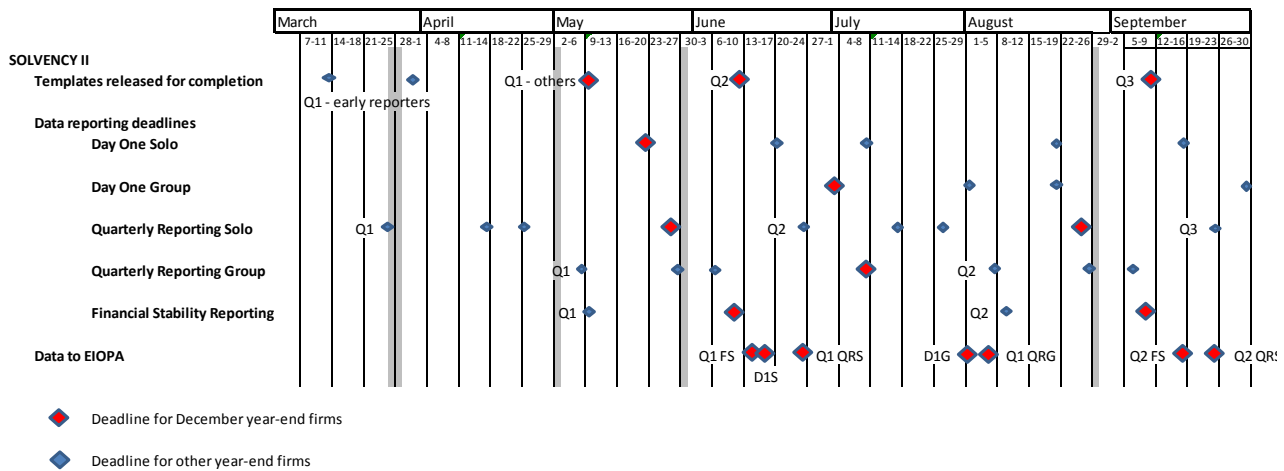
**Q1:** Can we submit live data into the UAT environment?

**A1:** The UAT environment is as secure as the live environment but it is best practice that firms do not submit live data into it.

#### 4. Reporting go-live:

##### 4.1: timelines

**Timetable for Solvency II Data Collections**



##### 4.2 Reporting go-live: practicalities

- All data should be submitted through BEEDS in XBRL
- Narrative reports due on the same timescales should be submitted as occasional submissions in BEEDS
- PRA 2016 Day 1 requests for solo firms are due by 20 May
- Validation checks – how these will be used now Solvency II is in force:
  - passing EIOPA checks is mandatory to ensure legal submission
  - all EIOPA validation checks are published on [EIOPA's website](#)



- the Bank of England will check firms' Day 1 submissions alongside the Quarterly returns. It is important that firms submit their Day 1 data first so that the checks will run as required. All firms will be notified of this when the templates are released
- the Bank of England plans to undertake plausibility checks only (i.e. no validation checks in Q1)
- the aim is to stick to the 5-2-5 process, but the Bank of England will prioritise large firms and monitor progress carefully. Most small firms will have waivers in Q1

**Q2:** Will the quarterly plausibility checks only be conducted on the previous quarter?

**A2:** The plausibility checks will be conducted across all returns and not just quarter-on-quarter.

**Q3:** Will the PRA publish the plausibility checks?

**A3:** The PRA does not intend to publish the results of the plausibility checks but it may consider providing further information regarding the types of checks applied. No timelines have been confirmed.

**Q4:** Can the PRA clarify expectations around the timeline and scope of financial stability reporting?

**A4:** The PRA contacted firms that were in scope for financial stability reporting to confirm timeframes in 2015 Q4, and answered various firm queries in 2016 Q1 regarding solo versus group reporting requirements for UK firms. Firms were asked to email their supervisor directly or [PRA.FirmEnquiries@bankofengland.gsi.gov.uk](mailto:PRA.FirmEnquiries@bankofengland.gsi.gov.uk) in the case of further queries.

**Q5:** Can the PRA provide clarification on whether solo firms can provide a reduced version of the full template for financial stability reporting?

**A5:** Solo firms are required to submit the full financial stability template and not a reduced version.

## 5. Data requests in 2016 and using data collected

- On 24 February, the PRA contacted firms subject to Day 1 reporting with a data request consisting of two parts:
  1. All firms – additional Day 1 Solvency II information on the breakdown of the balance sheet and the SCR
  2. Internal model firms – detailed breakdown of internal model outputs

### 5.1 What does the PRA do with the information collected?

- The PRA can monitor how firms are implementing Solvency II and understand the benefit obtained from the various approvals
- The information provided by firms gives the PRA valuable insights into details of firms' models and a more granular view of the drivers of capital requirements



- It also enables the PRA to assess how capital is aggregated within internal models and to identify key drivers of risk, including the most important assumptions within the modelling process
- Feedback can be provided to firms to help improve the transparency and quality of their models over time
- The PRA is able to support EIOPA and meet its own reporting obligations

**Q6:** Is the additional data request ongoing and voluntary?

**A6:** This particular request is voluntary. Firms should not expect it to be ongoing as it already forms part of future reporting cycles as outlined in [Supervisory Statement 25/15 'Solvency II: regulatory reporting, internal model outputs'](#), which comes into effect in 2017.

**Q7:** Will firms receive feedback on the data requests?

**A7:** Where appropriate, firms may receive feedback via their Supervisors.

## 5.2 EIOPA: added value analytics and best practice

EIOPA has a mandate from the Board of Supervisors to set-up a joint work-stream of experts from national competent authorities (NCA) and EIOPA experts to further elaborate on the possible use of the 'European database' of Solvency II quantitative reporting data for additional reports, analytics and indicators to support supervision at a national level.

The work-stream is divided into the following sub-streams:

- data quality
- information to be shared with Colleges
- peer analysis

Work is in progress, with a view to delivering outputs in the second half of the year.

### Data quality:

- list of plausibility and validation checks for consideration at a European and NCA level
- outline a process for the best practice exchange, including a proposed template to submit check suggestions aligned to the validations format and a review of the checks suggested
- outline a process for adding additional rules to the taxonomy should one not exist
- a prototype report using a BI solution for the CIC and ISIN code checks

### Information to be shared with Colleges:

- develop reports that will be useful for Supervisors to use in Colleges

### Peer analysis:

- develop key indicators that can be calculated for each firm and compared across different member states at different levels of granularity



## 6. Analytics IWG

### Solvency II dataset:

- Solvency II represents a step change in the granularity, nature, breadth and structure of regulatory data
- Firms have enhanced their data capture, management and governance processes
- Firms, industry groups and the PRA wish to maximise the benefit of Solvency II data
- Firms and the PRA have invested in data and analytics capabilities

### Advancement in data analytics:

- Over recent years there has been significant advancement in the hardware, software and skills to deliver enhanced business insight and aid business outcomes

### Opportunity:

- To share examples of data use, new metrics and ways to visualise data to aid decision making, in terms of outcomes and speed
- IWG could usefully explore ways of sharing experiences and expertise of using Solvency II reporting to inform risk assessment. For example:
  - would it be beneficial to extend the remit of the IWG or would the attendees be different?
  - if the latter, IWG members should feel free to suggest other parties that could offer a useful perspective – for example, representatives from consultancy firms and/or brokers

The general consensus among IWG members is that because firms remain focused on the operational process and compliance aspects of Solvency II reporting, a squarely analytics-focused group could perhaps be convened in a few months.

**Q8:** What is the appropriate forum to work through ongoing queries around asset data?

**A8:** The PRA is happy to facilitate discussions – though firms should submit specific queries via the EIOPA Q&A process.

## 7. AOB

**Q9:** When is EIOPA's taxonomy due and which firms does it affect?

**A9:** EIOPA's new taxonomy was released on 15 July, and comes into effect on 31 December 2016. Any reporting for reference dates from 31 December 2016 onwards must use the new taxonomy. Any reporting for reference dates before 31 December 2016 must use the existing taxonomy version 2.0.1. For example, a firm with a 30 October year-end, due to report in March 2017, will use the taxonomy version 2.0.1 as the reference date is 30 October, even though the reporting date is in 2017.



**Q10** Can the PRA provide further guidance on LEI codes?

**A10:** The PRA has no change to its current position on the EIOPA guidelines on the use of legal entity identifiers (LEI). Information on LEI codes can be found on the Bank of England website [here](#).

**Q11:** Will there be a test facility for Annual QRT?

**A11:** A test facility is to be released for each submission window – this is usually 2 weeks in advance of every quarterly and annual submission window.

**Q12:** Can clarification be given on the profit and loss information (with reference to S.32.01)?

**A12:** For the opening information template S.32.01.04 (i.e. template S.32.01.04 required under article 22(i) in the [draft ITS on reporting templates](#) available from the EIOPA website) the profit and loss information items (i.e. written premium net of reinsurance C0120, turnover C0130, underwriting performance C0140, investment performance C0150, total performance C0160) are not to be submitted; they should be 'empty facts' and therefore should not be present in the XBRL file. "Not to be submitted" means that no blank entry, zero/nil entry, value @ x/xx entry, or any other entry is to be submitted for these items.

**Q13:** Can the PRA clarify the definition of 'sum-assured'?

**A13:** The PRA has escalated this issue to EIOPA and is awaiting a response (consistent with Q8).

**Q14:** How should investment trusts be treated if government bonds held are not denominated in the currency of domicile of the issuer?

**A14:** This type of query should be submitted to EIOPA via the Q&A process (consistent with Q8 and Q13).

**Q15:** Is there any update to how firms should think about external audits?

**A15:** The PRA consulted on '*Solvency II: external audit of the public disclosure requirement*' in [CP43/15](#). Timelines for the final publication of the supervisory statement have not yet been confirmed.