



Data collection exercises in 2014

This is a summary of the data collection exercises that the PRA intends to make in 2014. The main focus of these data collection exercises is to support preparations for and the transition to Solvency II. The exercises apply to life and general insurance firms (as detailed below) and are, in the main, very similar to those used in previous years. Please be aware that this excludes any data collection exercises which may be requested by the European Insurance and Occupational Pension Authority (EIOPA).

What the PRA is asking firms to do and when

1. Early May

a) All firms – solvency capital requirement (SCR) comparison

Last year the PRA collected data from firms in its internal model approval process (IMAP) to understand the differences between the Individual Capital Assessment (ICA), the standard formula SCR and the internal model SCR. The output provided the PRA with useful information which helped to focus supervisory discussions with firms with regard to model development and SCR appropriateness.

This year the PRA has decided to extend the exercise to include standard formula as well as IMAP firms. The exercise will help the PRA to understand the impact of the standard formula at individual firm and industry level and understand where the PRA's resources should be focussed ahead of implementation.

The data collection exercise will remain largely the same but will reflect EIOPA's 'Technical Specification for the Preparatory Phase' (which is due at the end of April).

Although the PRA plans to issue the templates in early May this is dependent on the EIOPA Technical Specification being published at the end of April¹. Responses will be required three months after the request has been issued.

b) All firms – non-IMAP approvals survey

As part of the PRA's work to prepare for Solvency II implementation, the non-IMAP approvals processes required under Solvency II must be designed. The PRA will ask firms to indicate via a survey the non-IMAP approvals that they may apply for after transposition on 31 March 2015. The survey will gather information on non-IMAP approvals including, but not limited to, Undertaking Specific Parameters (USPs), Ancillary Own Funds (AOFs) and the Matching Adjustment (MA). The results will give an indication of firms' intentions and will allow the PRA to assess the resources required, and plan accordingly, to undertake this area of approvals work.

¹ https://eiopa.europa.eu/en/activities/financial-stability/insurance-stress-test-2014/index.html?goback=.gde_3672682_member_5831160366435962882&cHash=0d62e142a6cace016caa9a3be544158c



c) All IMAP and selected non-IMAP firms - standardised risk information (SRI)

Previously the PRA has asked all IMAP and some non-IMAP firms to undertake a standardised risk information survey and this exercise will be repeated in 2014. The format for life insurance firms will largely be unchanged, but the PRA will increase the scope for general insurance firms to include other risk areas. This will allow the PRA to build on the picture that has been developed over previous years and refine its industry analysis to develop understanding of the drivers for overall capital requirements.

2. Early September.

All IMAP firms – early warning indicators

The PRA will continue to develop its early warning indicators and will issue a data collection exercise in early September for response by the end of October.

3. End of Q4 2014

a) General insurance firms - stress testing

The PRA will ask general insurance firms to undertake a stress testing exercise. The design of the scenarios will be developed and finalised during 2014 but the format will be similar to previous exercises. The outputs of this will allow supervisors to answer key risk questions whilst gaining greater clarity on firms' stress and scenario tests. The exact timing for the exercise has still to be determined but is likely to be towards the end of 2014.

b) General insurance firms – technical provisions

To help develop the PRA's understanding of the balance sheet, the PRA will extend the data collection exercise conducted in 2013 to capture information on firms' assessment of the valuation of technical provisions on a Solvency II basis. The details for this request are still being developed and will not be issued until the end of 2014.

For information

The following data collection exercises will not be repeated in 2014:

- Credit benchmark portfolio survey
- Insurance risk simulation output
- Life firms' stress testing

Exercises in 2015

The requirement for any data collection exercises in 2015 has still to be determined as it will be based on the results of this year's work. Any additional data collection exercise will be to support the submission of information that the PRA expects, by no later than 1 July 2015, from firms that are in-scope to report under EIOPA's preparatory guidelines. The PRA will make further information available in Q3 2014 regarding National Specific Templates.