

Policy Statement | PS21/19

Responses to CP13/19 Occasional Consultation Paper

September 2019



BANK OF ENGLAND
PRUDENTIAL REGULATION
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1 Overview

1.1 This Prudential Regulation Authority (PRA) Policy Statement (PS) provides feedback to responses to Consultation Paper (CP) 13/19 ‘Occasional Consultation Paper’.¹ It also includes the final rules, updated supervisory statements (SS), and relevant templates and LOG files.

1.2 This PS is relevant to different firms, as follows:

- Chapter 2 of CP13/19 – all UK insurance firms within the scope of Solvency II, the Society of Lloyd’s, and firms that are part of a Solvency II group that will determine and classify capital instruments under the Solvency II own funds regime, together with their advisors.
- Chapter 3 of CP13/19 – all insurance firms, insurance holding companies, and the Society of Lloyd’s.
- Chapter 4 of CP13/19 – UK banks and UK designated investment firms with Capital Requirements Regulation (CRR) Internal Model Approach (IMA) permissions.
- Chapter 5 of CP13/19 – all Solvency II firms, including the Society of Lloyd’s.

1.3 The appendices to this PS provide links to the final rules amending parts of the PRA Rulebook, final SSs, and final templates and LOG files, as set out in the table below.

CP13/19 chapter	Rulebook Part/SS/Template/LOG file	Appendix
2. Solvency II: The quality of capital instruments	SS3/15 ‘Solvency II: The quality of capital instruments’	1
3. Solvency II – minor updates to supervisory statements	SS8/14 ‘Subordinated guarantees and the quality of capital for insurers’	2
	SS2/15 ‘Solvency II: Own funds’	3
4. Regulatory Reporting – Discontinuation of FSA006	Reporting Part of the PRA Rulebook	4
	SS34/15 ‘Guidelines for completing regulatory reports’	5
5. National Specific Templates (NSTs), internal model output templates and associated LOG files – minor updates, corrections and clarifications	Reporting Part of the PRA Rulebook	6
	SS25/15 ‘Solvency II: Regulatory reporting internal model outputs’	7
	National Specific (NS.07) Template	8
	National Specific (NS.08) Template	9
	National Specific Templates LOG files	10
	Internal model output (IM.00) template	11
	Internal model output (IM.00) LOG file	12
	Internal model output (IM.03) template	13
Internal model output (IM.03) LOG file	14	

Background

1.4 In the CP, the PRA proposed:

- to update SS3/15 ‘Solvency II: The quality of capital instruments’² to reflect changes in the Solvency 2 Regulations which came into effect on 10 July 2019 (Chapter 2 of CP13/19);

¹ <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/occasional-consultation-paper>.

² February 2019: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-the-quality-of-capital-instruments-ss>.

- to delete extraneous and historical material from SS8/14 and SS2/15 to align them with the current format and bring them up to date (Chapter 3 of CP13/19);
- to discontinue the FSA006 return, deleting this from the Regulatory Reporting part of the PRA rulebook and deleting any references to this from SS34/15 'Guidelines for completing regulatory reports' (Chapter 4 of CP13/19); and
- minor updates, corrections and clarifications to NSTs, NST LOG files, internal model output templates and LOG files, and a related SS25/15 'Solvency II: Regulatory reporting internal model outputs' (Chapter 5 of CP13/19).

Feedback to responses

1.5 The PRA received no responses in respect of Chapters 2-4, and will therefore publish the policy as proposed. In addition, we have made further administrative corrections to SS8/14.

1.6 The PRA received one response to Chapter 5. The response requested clarity on several templates and LOG files. After considering the response, the PRA has made the following changes:

- NS.07, R1710-R1730, 'Number of risks written in the period – direct', 'Number of risks written in the period – direct – new business' and 'Sum insured in-force at end of the period – direct': Changes to the LOG file instructions in order to improve clarity on the lines of business for which the item is to be reported;
- N0.08: column C0160 changed to C0161, 'Nominated ECAI' to avoid the risk of overriding column C0160 in previous versions of NS.08. In addition, the list of nominated External Credit Assessment Institutions (ECAIs) has been updated; and
- NS.00, NS.07, NS.08 and NS.10: a number of corrections to address errors in cell references between the templates and LOG files.

1.7 The PRA does not consider that these changes are significant or will have a differential impact on mutuals.

Implementation

1.8 The implementation dates for all policy changes set out in this PS are on:

- publication of the final policy for Chapters 2-4; and
- Saturday 30 November 2019 for Chapter 5.

1.9 The policy set out in Appendices 1-5 of this PS has been designed in the context of the current UK and EU regulatory framework. The PRA will keep the policy under review to assess whether any changes would be required due to changes in the UK regulatory framework, including those arising once any new arrangements with the European Union take effect.

1.10 In the event that the UK leaves the EU with no implementation period in place, the PRA has assessed that the policy would not need to be amended under the EU (Withdrawal) Act 2018

(EUWA). Please see PS5/19 'The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018'³ for further details.

1.11 The PRA wishes to clarify that the deletion of the rule that required reporting of the FSA006 (as set out in Appendices 4 and 5) takes effect immediately. As a result, firms that would otherwise have been in scope of this requirement will not need to submit an FSA006 return for the period ending 30 September.

1.12 The policy set out in Appendices 6-14 of this PS relates to reporting and should be read in conjunction with SS2/19 'PRA approach to interpreting reporting and disclosure requirements and regulatory transactions forms after the UK's withdrawal from the EU'.⁴

³ April 2019: <https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

⁴ February 2019: <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/pr-a-approach-to-interpreting-reporting-and-disclosure-reqs-and-reg-trans-forms-ss>.

Appendices

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- 1 Supervisory Statement 3/15 'Solvency II: The quality of capital instruments', available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-the-quality-of-capital-instruments-ss>.
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- 2 Supervisory Statement 8/14 'Subordinated guarantees and the quality of capital for insurers', available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2014/subordinated-guarantees-and-the-quality-of-capital-ss>.
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- 3 Supervisory Statement 2/15 'Solvency II: Own funds', available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-own-funds-ss>.
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- 4 PRA RULEBOOK: CRR FIRMS: REGULATORY REPORTING (AMENDMENT) (NO. 2) INSTRUMENT 2019, available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/occasional-consultation-paper>.
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- 5 Supervisory Statement 34/15 'Guidelines for completing regulatory reports', available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/guidelines-for-completing-regulatory-reports-ss>.
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- 6 PRA RULEBOOK: SOLVENCY II: REPORTING AMENDMENTS INSTRUMENT 2019, available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/occasional-consultation-paper>.
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- 7 Supervisory Statement 25/15 'Solvency II: Regulatory reporting internal model outputs', available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-regulatory-reporting-internal-model-outputs-ss>.
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- 8 National Specific Templates (NS.07), available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.
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- 9 National Specific Templates (NS.08), available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.
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- 10 National Specific Templates LOG files, available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.
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- 11 Internal model output (IM.00) template, available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.
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- 12 Internal model output (IM.00) LOG File, available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.
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- 13 Internal model output (IM.03) template, available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.
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- 14 Internal model output (IM.03) LOG file, available at: <https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector>.