

Chapter 10

Instructions regarding reporting templates

IR.19.02 – Non-life general liability claim development

General Comment

This section relates to annual submission of information for individual entities and third-country insurance undertakings in regard to branch operations.

This template must be submitted by all insurance and reinsurance firms that carry on any of the following classes of non-life insurance business:

Employers' Liability – defined as:

Liability insurance obligations included in lines of business 8 and 20 as set out in Technical Provisions – Further Requirements Annex 1 which cover liabilities of employers arising out of death, illness, accident, disability or infirmity of an employee in the course of the employment. (Includes these liabilities covered under “Mixed commercial package” policies.)

Public & Products Liability – defined as:

Liability insurance obligations included in lines of business 8 and 20 as set out in Technical Provisions – Further Requirements Annex 1 which cover liabilities of persons insured to third parties for damage to property, injury, illness or death, arising in the course of the insured's business. (Includes these risks covered under “Mixed Commercial Package” policies)

Professional Indemnity – defined as:

Liability insurance obligations included in lines of business 8 and 20 as set out in Technical Provisions – Further Requirements Annex 1 which cover liabilities of persons insured to third parties arising from wrongful acts (such as breach of duty, breach of trust, negligence, error or omissions) by professionals, named individuals or businesses occurring in the course of the insured's professional activities. (Includes directors' and officers' liability and errors and omissions liability.)

Claims development triangles show the insurer's estimate of the cost of claims (claims paid and claims provisions under PRA Rulebook principles) and how this estimate develops over time.

Three set of triangles are required regarding claims paid, undiscounted best estimate of claims provisions and RBNS claims.

For the purpose of this template ‘allocated loss adjustment expenses (ALAE)’ means: the costs of processing and resolving claims that could be assignable to individual claim (e.g. legal and adjuster's fees).

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Latent claims and annuities stemming from non-life insurance obligations are to be excluded from this template. This relates to:

- claims for which the gross best estimate claims provision is reported in the template IR.18.02 —‘Non-life liability projection of future cash flows’ in the rows pertaining to latent claims; and
- non-life annuity claims reported in template IR.12.01.01.

The template shall be reported for each of the above lines of business (Employer’s liability, Public & products liability, Professional Indemnity - direct and accepted proportional reinsurance to be reported together):

If the total gross best estimate undiscounted claims provisions for a line of business (Employer’s liability, Public & products liability, Professional Indemnity - direct and accepted proportional reinsurance to be reported together) represents more than 10% of the firm’s total gross undiscounted best estimate claims provisions, the information for that line of business shall be reported with the following split by currency in addition to the total for the line of business :

- a) Amounts for any currency that represents more than 25% of the gross undiscounted best estimate claims provisions from that line of business; or
- b) Amounts for any currency that represents less than 25% of the gross undiscounted best estimate claims provisions from that line of business but more than 5% of total gross undiscounted best estimate claims provisions.

The information by currency shall be reported in the original currency of the contracts unless otherwise specified.

For the purpose of calculating whether a line of business, or a currency within a line of business, meets the above materiality thresholds for reporting, any negative gross undiscounted claims provisions at the level of the line of business, or currencies within a line of business, shall be considered with absolute value when calculating the firm’s gross total undiscounted claims provisions and when calculating the undiscounted claims provisions for each line of business and for each currency within a line of business.

For example:

- If the total gross undiscounted best estimate claims provisions for Employers’ Liability was more than 10% of the firm’s total gross undiscounted best estimate claims provisions and GBP represents 100% of the gross undiscounted best estimated claims provisions from Employers’ Liability, the template is reported:
 - i. for total Employers’ Liability in the reporting currency (where “total” is entered in the currency item), and
 - ii. for all the Employers’ Liability in the GBP original currency (where “GBP” is entered in the currency item).
- In this example, if the reporting currency is GBP, the templates reported (i) and (ii) above would be identical apart from the currency item. If the total gross undiscounted best estimate claims provisions for Employers’ Liability was 3% or less of the firm’s total gross undiscounted best estimate claims provisions, the template is only reported for total

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Employers' Liability in the reporting currency (where "total" is entered for the currency item).

Firms are required to report data on an accident year or underwriting year basis, according to how the business is managed. Firms must report each line of business (and where applicable each currency within a line of business) by accident year, or each line of business (and where applicable each currency within a line of business) by underwriting year. Firms are not to report some lines of business by accident year and some by underwriting year.

Historical data is required for claims paid and RBNS claims. For undiscounted Best Estimate of Claims Provision historical data starting from the firm's first reporting reference date on or after 31 December 2024 are required. This means for undiscounted Best Estimate of Claims Provision the diagonals relating to periods before the firm's first reporting reference date on or after 31 December 2024 are not required. Claims paid and RBNS relating to historical data should include 'allocated loss adjustment expenses'.

For the purpose of this template, 'the period being reported' in the Reporting Part of the Rulebook – Chapter 2A – Article 3(4)(b) means the reporting period ending on the reporting reference date.

All or part of an obligation moves from IR.19.02 into IR.16.01, when both of the conditions below are met:

- i. All or part of the obligation has been formally settled as an annuity; and
- ii. A best estimate of an obligation formally settled as an annuity can be established using life techniques.

Formally settled as an annuity typically means that a legal process has ordered that the beneficiary is to receive payments as an annuity.

In the financial year in which all or part of an obligation has been formally settled as an annuity, only claims actually paid out to the policyholder/beneficiary before the obligation has been formally settled as an annuity are to be included in the claims paid in IR.19.02. In particular, firms are to not include the provision set up for the annuity (which is reported in IR.16.01) in the claims paid in IR.19.02

In the case of a firm accepting business via a transfer-in of a portfolio from the first reporting date after the transfer the firm is required to submit data on this template as if it had always carried on the business transferred-in (ie historical data is to be restated). In the case of a firm discharging obligations via a transfer-out of a portfolio from the first reporting date after the transfer the firm is required to submit data on this template as if it never had the business transferred-out (ie historical business is to be re-stated). Historical premium data relating to business transfers is to be re-stated on a best endeavours basis.

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CELL(S)	ITEM	DEFINITION
Z0010	Line of Business	<p>Identification of the class of business, as defined in general comments above. The following closed list shall be used:</p> <p>8A - Employers Liability 8B - Public and Products 8C - Professional Indemnity</p>
Z0020	Accident year or Underwriting_year	<p>Report the standard used by the undertakings for reporting of claims development. One of the options from the following closed list shall be used:</p> <p>1 – Accident year 2 – Underwriting year</p> <p>A firm must use the standard (ie accident year or underwriting year) used for the public disclosure template S.19.01.21 for all of its lines of business and currencies, ie it must not use accident year for some lines of business and underwriting year for other lines of business.</p>
Z0030	Currency	<p>Identify the ISO 4217 alphabetic code of the currency of the monetary amounts used.</p> <p>This item shall be filled in with “Total” when reporting the total for the line of business reported in Z0010.</p>
Z0040	Currency Conversion	<p>Identify if the information reported by currency is being reported in the original currency (default) or in the reporting currency (otherwise specified). The following closed list shall be used:</p> <p>1 - Original currency. 2 – Reporting currency.</p> <p>Only applicable when reporting by currency</p>
R0100: R0260	Gross Claim triangles and vectors	
R0100 / C0160, C0010 to C0150 / R0110 to R0250	Gross Claims Paid (non-cumulative) - triangle	<p>The Gross Claims Paid, net of salvage and subrogation, in a triangle showing the developments of the gross claims payment already made: for each of the accident/underwriting years from N-14 (and prior) and all previous reporting periods to – including - N (last reporting year) report the payments already made corresponding at each development year (which is the delay between the accident/underwriting date and the payment date).</p> <p>The data are non-cumulative and undiscounted.</p> <p>The amounts include all the elements that comprise the claim itself, include ‘allocated loss</p>

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CELL(S)	ITEM	DEFINITION
		adjustment expenses', but exclude all other expenses.
C0170 / R0100 to R0260	Gross Claims Paid (non-cumulative) - In current year	Total "Current year" reflects the last diagonal (all data referred to last reporting year) from R0100 to R0250. R0260 is the total of R0100 to R0250.
C0180 / R0110 to R0250	Gross Claims Paid – Sum of years (cumulative)	Total "Sum of years" contains the sum of all data in rows (sum of all payments referred to the accident/underwriting year).
R0100 / C0350, C0200 to C0340 / R0110 to R0250	Gross undiscounted Best Estimate Claims Provisions - Triangle	Triangles of undiscounted best estimate of claims provisions, gross of reinsurance for each of the accident/underwriting years from N-14 (and prior) and all previous reporting periods to – including - N (last reporting year). The best estimate for claims provision relates to claims events occurred before or at the valuation date, whether the claims arising from these events have been reported or not. The data are undiscounted. The amounts include all the elements that compose the claim itself, are net of salvage and subrogation, include 'allocated loss adjustment expenses', exclude all other expenses, and exclude any future premiums. The gross undiscounted best estimate claims provision for each accident / underwriting year (N to N-14) and for each development year d ($0 \leq d \leq 14$) is to be the gross undiscounted best estimate claims provision at the end of development year d for that accident/underwriting year. The gross undiscounted claims provision for development '15 & +' is to the gross undiscounted claim provision at the reporting reference date for all accident/underwriting years prior to N-14.
R0100 / C0550, C0400 to C0540 / R0110 to R0250	Gross Reported but not Settled Claims (RBNS) -Triangle	Triangles for each of the accident/underwriting years from N-14 (and prior) and all previous reporting periods to – including - N (last reporting year) of provisions in respect of claim events that have happened and been reported to the insurer, but have not yet been settled, excluding incurred but not reported claims ("IBNR"). These may be case-by-case reserves estimated by claim handlers and do not need to be on a best estimate Solvency II basis. The reported but not settled claims ("RBNS") shall be measured using consistent reserve strength over time. The data are undiscounted. The amounts include all the elements that compose the claim itself, are net of salvage and

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		<p>subrogation, include 'allocated loss adjustment expenses', exclude all other expenses, and exclude any future premium.</p> <p>The gross RBNS for each accident/underwriting year (N to N-14) and for each development year d (0 <= d <= 14) is to be the gross RBNS at the end of development year d for that accident/underwriting year. The gross RBNS for development '15 & +' is to be the gross RBNS at the reporting reference date for all accident/underwriting years prior to N-14.</p>
C0560 / R010 to R0260	Gross Reported but not Settled Claims (RBNS) — Year end	<p>Total 'Year end' reflects the last diagonal (all data referred to last reporting year) from R0100 to R0250.</p> <p>R0260 is the total of R0100 to R0250.</p>
C0570 / R0110 to R0250	Gross Earned Premium – up to and including the reporting reference date	<p>When the currency reported in Z0030 is 'Total', historical Gross Earned Premiums are required for each accident / underwriting year (N-14 to N inclusive) starting from the accident / underwriting year that is the later of:</p> <ul style="list-style-type: none"> • N-14; or • When Solvency II first applied to the firm (this will typically be: 2016 for individual entities and third country branches of non-Solvency II undertakings; and 2023 for third country branches of Solvency II undertakings). <p>When the currency reported in Z0030 is other than 'Total', historical Gross Earned Premiums are required for each origin year starting from the origin year ending on the firm's first reporting reference date on or after 31 December 2024 (subject to the earliest origin year being N-14).</p> <p>The gross earned premium as at the reporting reference date for each of the accident/underwriting years from N-14 to and including N.</p> <p>In the case of accident year reporting (ie that reported in Z0020 is 'accident year'), gross premiums earned in respect of an accident year are the proportion of gross premiums written as is attributable to risks borne by the insurer during that accident year.</p> <p>In the case of underwriting year reporting (ie that reported in Z0020 is 'underwriting year'), gross premiums earned in respect of an underwriting year are the proportion of gross premiums written attributable to that underwriting year that have been earned by the reporting reference date.</p>

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		The amount includes any commission or acquisition costs deducted before the insurer receives the premium.
C0580 / R0110 to R0250	Estimate of future gross earned premium at the reporting reference date	<p>This is reported only in the case that the standard used by the undertakings for reporting of claims development (ie that reported in Z0020) is 'underwriting year'.</p> <p>Firms are to report the estimate of future gross earned premium from the reporting reference date for each of the underwriting years for which a Gross Earned Premium is reported in C0570.</p>