



PRA Solvency II Regulatory Reporting Industry Working Group, 27 July 2017

Firm representative	Organisation/representing
Angus McLean	Baillie Gifford & Co, for ABI
David Scott	Financial Conduct Authority
Elzbieta Woynowska	Aviva, for ABI
Jane Tusar	Society of Lloyd's
Jim Troy	Legal & General
Matthew Reed (for Rebecca Wyatt)	Prudential, for ABI
Mike Schofield	Assurant Solutions, for ABI
Robert Warren	Association of British Insurers
Roni Ramdin	RSA, for ABI
Stephen Dixon	Stephen Dixon Associates, for AFM
Tom Noble (for Kim Harmer)	Ernst & Young, for ILAG
Bank of England	Role
Lewis Webber - Chair	Head of Division, Insurance Data Analytics
Rachel Evans	Insurance Data Analytics Division Representative
Joanna Rose	Regulatory Data Group
Beju Shah	Information Service Technology Division
Danielle Martis	Cross-sector Policy
Victoria Sena	General Insurance Risk Specialists Representative
Thomas Crease	Life Insurance Representative
Jennifer Small	Data and Statistics
Kieran Barnes	Life Insurance Division
Manuel Sales	Life Insurance Division
Chintan Patel	Life Insurance Division
Apologies	Organisation/representing
Andrew Smith	XL Catlin
Barbara Kubis-Libiak	Financial Conduct Authority
Darren Sait	JP Morgan, for The Investment Association
Helen Dalziel	International Underwriting Association
Martin Shaw	Association of Financial Mutuals
Miki Palocsai	OneFamily, for AFM
Paul Appleton	Society of Lloyd's
Russell Worsley	Lancashire Group, for IUA
Willem Van Der Westhuysen	Thomas Miller, for P&I Clubs

These notes are intended as a record of the discussions held at the PRA on 27 July 2017. 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: PRASIIregulatoryreporting@bankofengland.co.uk

Notes from the meeting on 27 July 2017 covering agenda items:

Agenda

1. **Welcome and progress, Lewis Webber**
2. **Annual QRT/NST submissions and plausibility updates**
3. **Data quality**
4. **Taxonomy update**
5. **2017 ITS consultation**
6. **Location of SFCR disclosures and EIOPA variation analysis**
7. **PRA/ABI reporting working group progress**
8. **Industry points**
9. **AOB**
10. **Close and next meeting**

Key points

1. **Welcome and progress, Lewis Webber**
 - Introduction
 - Update on progress since last IWG
2. **Annual QRT / NST submissions and plausibility updates**
 - Amendments to plausibility checks prior to annual and 2017 Q1 submissions
 - Progress of submissions and flags raised
 - by BEEDS to Regulatory Data Group (RDG); and
 - by RDG with the firms

Q1: Do you think the PRA is unduly intolerant of small differences in the comparison of YE2016 annual and 2016 Q4 returns?

A1: Differences are automatically flagged by our systems and then reviewed by RDG and supervisors before they are raised with firms. As this is the first time annual information has been submitted, our teams will continue to review the thresholds when reconciling with the equivalent quarter submissions. See also the notes from the previous IWG meeting.

3. **Data quality**
 - The Insurance Data Analytics Department and RDG continue to develop reports for supervisors to help them understand the relative data quality across firms.
 - Related to this, we are continuing to refine our processes for feeding back Solvency II data quality issues to firms, including regarding thematic trends. The PRA's planned publication of selected aggregated statistics, to promote understanding of the aggregate Solvency II

balance sheet and provide context to firms' individual reporting submissions, also ought to help in this regard.

- The PRA welcome views on existing data quality checks used by firms prior to submission and their usefulness.

4. Taxonomy update

- The final v2.2 Taxonomy was published on 17 July 2017, and can be found at <https://eiopa.europa.eu/regulation-supervision/insurance/reporting-format>
- EIOPA has published a change log detailing changes between v2.1.0 and v2.2 public working draft (PWD), plus details of changes from there to the final version, v2.2.
- v2.2 provides the option for firms to report all the public disclosure templates in XBRL format. Doing so would enable the PRA to publish all publicly disclosed data in XBRL format on its website, which could have several advantages including better transparency and aiding comparability and consumption of firms' data.
- The PRA will confirm its expectations of firms with regards to these templates in due course.

Q2: Firms will need more time to build the necessary infrastructure if public disclosure requirements (PDR) are to be met via XBRL. On this, is public disclosure in or out of scope?

A2: The clear benefit of using XBRL to meet PDR is that it would make automated consumption and comparison of the data much faster and of higher quality, without the need for manual keying-in or screen scraping – thereby reducing burden and the risk of errors. This is not currently an EIOPA or PRA requirement. Firms are free to use their current approaches. EIOPA has provided the mechanism as an option in the taxonomy.

5. 2017 ITS consultation

- The final updated ITS is awaiting endorsement by the European Commission and will be released shortly.
- EIOPA will issue a feedback statement alongside the ITS to address the major stakeholder comments received on the consultation.
- The consultation comments primarily targeted:
 - external ratings and the credit quality step;
 - the 5% country look-through requirement for collective investment undertaking look-through in S.06.03; and
 - reporting of unbundled products in S.14.01.
- EIOPA is planning to conduct periodic ITS updates in the future that are better publicised, similar to the taxonomy update timetable.

Q3: How does template S.14 interact with [SS36/15 'Solvency II: Life insurance product reporting codes'](#)?

A3: EIOPA's proposals present a technical solution for reporting of life product codes where the need for unbundling has been identified.

6. Location of solvency and financial condition report (SFCR) disclosures and EIOPA variation analysis

- It was noted by some members that the SFCR was not uniformly easy to find on firms' websites.

Q4: Are any firms placing their SFCR disclosures on the ABI website?

A4: The ABI confirmed no firms are hosting SFCR information on its website.

7. PRA-ABI reporting working group progress

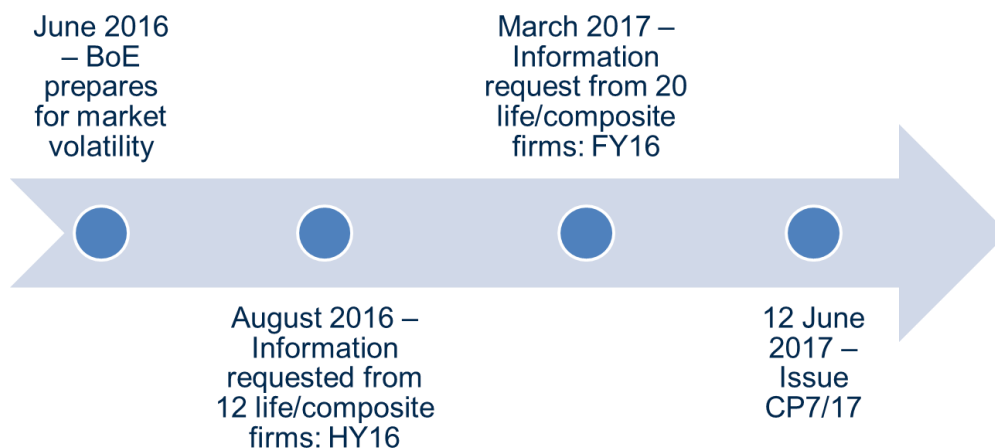
7.1 Importance of regular data feeds

	Industry	PRA
Regular reporting	<ul style="list-style-type: none"> • Significant initial effort to define and determine the appropriate data source/s and governance. • Provides advance clarity on what and when reporting is required. • Benefits from electronic (XBRL) format which provides a secure submission and has the advantage of immediate Validation of the data. • Regular repeated requests will over time benefit from improved data quality. 	<ul style="list-style-type: none"> • Significant effort to design and implement with a defined data point model, XBRL shredding, database etc. • Benefits from the clarity of the data being received and timing. • Able to automate and industrialise data use/flow, facilitates peer comparison and thematic analysis • Regular reporting allows ongoing data quality assessment and hence improve data quality
Ad hoc reporting	<ul style="list-style-type: none"> • Ad hoc or defined but not so regular, reduces the reporting effort. • Time to develop a new response takes thought and effort, specifically to determine what's being asked, what's available, dealing with grey areas, etc. • Governance has to be determined and all involved trained. • Confidence around the quality may be varied. 	<ul style="list-style-type: none"> • Allows deep dive analysis either for a specific firm for point in time analysis, rather than delivering a regular need • Limited time to improve data quality, incorporate firm specifics. • Provides flexibility with regards what's being requested. • Weaker dependence on Technology support for changes in reporting.

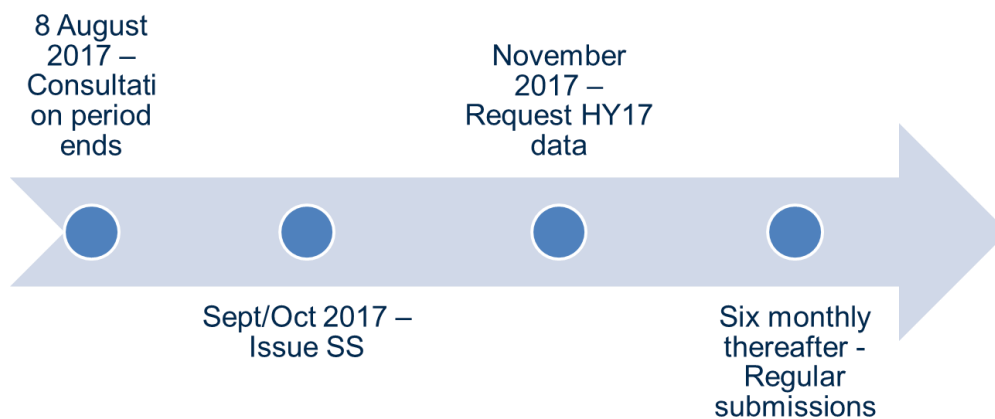
7.1.1 [Consultation paper 7/17 'Solvency II: Data collection of market risk sensitivities'](#) background

- The PRA has previously used data provided by firms about sensitivity of Solvency Capital Requirement (SCR) coverage to market risk factors:
 - in setting supervisory priorities;
 - for wider impact analysis to support the Bank's financial stability remit;
 - to gauge the impact of policy options; and
 - to engage more effectively with firms.

- Cost-benefit analysis:
 - significant consideration given to the cost to industry of the proposals made in CP7/17; and
 - deliberately some flexibility – firms could utilise their own internal monitoring processes, to avoid near-duplication and unnecessary burden.
- The PRA will consider amendments to proposals based on feedback to achieve cost savings within the objectives of CP7/17.
- Timeline – past:



- Timeline – current and future:



Q5: How will firms know if they have been selected to provide results as at 30 June 2017?

A5: CP7/17 explains that firms in scope would be contacted by the end of June. Non-life firms have not been contacted at present.

Q6: What is the PRA's expectation regarding annual updates relating to the regular supervisory report (RSR)?

A6: The PRA expects the update to consist of the market environment and how firms have adapted their business model in accordance with Article 312 (3) of the Delegated Regulation. It should capture

material changes since the last RSR. It is not expected that firms will submit annual RSRs unless there has been material change.

8. Industry points

- SFCR and RSR
 - feedback on YE2016 submissions
 - PRA expectations on YE2017 RSRs (see above); and
 - PRA to hold roundtable discussions in 2017 Q3 to help it better understand uses and views on the SFCR from producers and consumers.
- Updates on national specific templates for YE2017 submissions.
- PRA proposals for internal model firms to submit quarterly model change reports via BEEDS.
- IFRS16/Solvency II treatment of operating leases.

Q7: Are there any FCA rules that require firms to publicise their SFCR?

A7: Both COBS and ICOBS have small updates that place the following requirement in relation to pre and post contract information:

- COBS 13.1.2R – ‘A concrete reference to the firm’s SFCR allowing the policyholder easy access to this information’.
- ICOBS 1.1.2R – ‘A concrete reference to the firm’s SFCR allowing the policyholder easy access to this information’.

9. AOB

- The next meeting will be held in Q4. IWG members will be contacted nearer the time.