

Bank of England

Prudential Regulation Authority

Chapter 10

Instructions regarding reporting templates for individual undertakings

S.05.03 – Revenue Account (life)

General comments

This section relates to quarterly and annual submission of information for individual entities, groups, ring-fenced funds and remaining part. In this template figures for the remaining part incorporate any embedded matching adjustment portfolios.

Items in this template are to be reported using financial accounting conventions, unless these instructions state that an item is to be reported on a Solvency II basis.

For items reported using financial accounting conventions:

1. In the event of any inconsistency or contradiction between the instructions in this LOG and the accounting standard reported at {basic information – general S.01.02, row R0120, firms are to follow the instructions in this LOG.
2. Subject to following the instructions in this LOG, firms shall follow:
 - a. the recognition and valuation basis as for the published financial statements, no new recognition or re-valuation is required, and
 - b. the accounting standard reported at {basic information – general S.01.02, row R0120 to the extent practical.

The template is based on a year-to-date basis.

Insurance and reinsurance firms shall report written/earned premiums as defined in the PRA Rulebook glossary regardless of the accounting standard used. This template shall include all insurance business regardless of the possible different classification between investment contracts and insurance contracts applicable in the financial statements.

Claims incurred shall comprise all claim payments paid in the reporting period plus change in provision for claims outstanding less recoverable amounts arising out of subrogation of salvage.

For quarterly reporting by individual entities, quarterly reporting by groups and annual reporting by groups only rows R0010 – R0150, R0230, R0240 and R0330 should be completed.

Items R0230-R0330 are only required for the total business (C0060).

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	ITEM	INSTRUCTIONS
<u>Z0020</u>	<u>Ring-fenced fund or remaining part</u>	<p><u>Identifies whether the reported figures are with regard to a RFF or to the remaining part. One of the options in the following closed list shall be used:</u></p> <p><u>1 – RFF</u></p> <p><u>2 – Remaining part</u></p> <p><u>In this template figures for the remaining part incorporate any embedded matching adjustment portfolios.</u></p>
<u>Z0030</u>	<u>Fund number</u>	<p><u>When item Z0020 = 1, this is a unique number of fund, as attributed by the undertaking. It shall remain unvarying over time. It shall not be re-used for any other fund.</u></p> <p><u>The number shall be used consistently across all templates, where relevant, to identify that fund.</u></p>

Column definitions

<u>C0010</u>	<u>Insurance with profit participation</u>	<u>Corresponds to the line of business defined in Annex I to Delegated Regulation (EU) 2015/35 and the corresponding part of 'reinsurance accepted'.</u>
<u>C0020</u>	<u>Index-linked and unit-linked insurance</u>	<u>Corresponds to the line of business defined in Annex I to Delegated Regulation (EU) 2015/35 and the corresponding part of 'reinsurance accepted'.</u>
<u>C0030</u>	<u>Life annuities</u>	<u>Annuities and deferred annuities which would be included in the line of business 'other life insurance' defined in Annex I to Delegated Regulation (EU) 2015/35 and the corresponding part of 'reinsurance accepted'.</u>
<u>C0040</u>	<u>Annuities stemming from non-life insurance contracts</u>	<u>Only non-life annuity obligations accounted for on the basis used for life insurance (claims incurred based on amounts due during the reporting period) should be reported in S.05.03. Non-life annuity obligations accounted for on the basis used for non-life insurance should be reported in NS.07.01. Corresponds to the sum of the lines of business 'annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations' and 'annuities stemming from non-life insurance contracts and relating to health insurance obligations' defined in Annex I to Delegated Regulation (EU) 2015/35 and the corresponding part of 'reinsurance accepted'.</u>
<u>C0050</u>	<u>Other life and health</u>	<u>Corresponds to the sum of the lines of business 'other life insurance' excluding annuities and deferred annuities and</u>

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		<u>'health insurance' defined in Annex I to Delegated Regulation (EU) 2015/35 and the corresponding part of 'reinsurance accepted'.</u>
<u>C0060</u>	<u>Total life and health</u>	<u>The sum of all the preceding columns.</u>

<u>R0010</u>	<u>Premiums written – Gross direct business</u>	<u>Gross written premiums for direct business</u>
<u>R0020</u>	<u>Premiums written – Gross reinsurance accepted</u>	<u>Gross written premiums for reinsurance accepted</u>
<u>R0030</u>	<u>Premiums written – Gross</u>	<u>Gross written premiums for direct business and reinsurance accepted</u>
<u>R0040</u>	<u>Premiums written – Reinsurers' share</u>	<u>Reinsurers' share of gross written premiums</u>
<u>R0050</u>	<u>Premiums written – Net</u>	<u>Gross written premiums reduced by the amount ceded to reinsurance undertakings</u>
<u>R0060</u>	<u>Claims incurred – Gross direct business</u>	<u>Gross claims incurred for direct business</u>
<u>R0070</u>	<u>Claims incurred – Gross reinsurance accepted</u>	<u>Gross claims incurred for reinsurance accepted</u>
<u>R0080</u>	<u>Claims incurred – Gross</u>	<u>Gross claims incurred for direct business and reinsurance accepted</u>
<u>R0090</u>	<u>Claims incurred – Reinsurers' share</u>	<u>Reinsurers' share of gross claims incurred</u>
<u>R0100</u>	<u>Claims incurred – Net</u>	<u>Gross claims incurred reduced by the amount ceded to reinsurance undertakings</u>
<u>R0110 – R0150</u>	<u>Expenses incurred</u>	<u>All technical expenses incurred by the undertaking during the reporting period, on accrual basis and excluding other expenses not allocated to lines of business reported in R0230.</u>
<u>R0110</u>	<u>Expenses incurred –</u>	<u>Gross expenses incurred for direct business</u>

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	<u>Gross direct business</u>	
<u>R0120</u>	<u>Expenses incurred – Gross reinsurance accepted</u>	<u>Gross expenses incurred for reinsurance accepted</u>
<u>R0130</u>	<u>Expenses incurred – Gross</u>	<u>Gross expenses incurred for direct business and reinsurance accepted</u>
<u>R0140</u>	<u>Expenses incurred – Reinsurers' share</u>	<u>Reinsurers' share of Gross expenses incurred</u>
<u>R0150</u>	<u>Expenses incurred – Net</u>	<u>Gross expenses incurred reduced by the amount ceded to reinsurance undertakings</u>
<u>R0160-R0220</u>		<u>Analysis of gross expenses incurred – the sum of R0160-R0220 equals R0130</u>
<u>R0160</u>	<u>Acquisition commission</u>	<u>Commission paid on acquisition of business</u>
<u>R0170</u>	<u>Acquisition management expenses</u>	<u>Acquisition management expenses includes all expenses excluding commission which can be identified at the level of individual insurance contract and have been incurred because the undertaking has issued that particular contract. These are costs of selling, underwriting and initiating an insurance contract that has been issued. It includes movements in deferred acquisition costs. For reinsurance undertaking definition shall be applied mutatis mutandis.</u>
<u>R0180</u>	<u>Renewal commission</u>	<u>Commission paid on renewal of business</u>
<u>R0190</u>	<u>Renewal management expenses</u>	<u>Administrative expenses incurred by the undertaking during the reporting period, on accrual basis are expenses which are connected with policy administration including expenses in respect of reinsurance contracts and special purpose vehicles. Some administrative expenses relate directly to activity regarding a specific insurance contract (e.g. maintenance cost) such as cost of premium billing, cost of sending regular information to policyholders and cost of handling policy changes (e.g. conversions and reinstatements). Other administrative expenses relate directly to insurance activity but are a result of activities that cover more than one policy such as salaries of staff responsible for policy administration.</u>
<u>R0200</u>	<u>Investment management expenses</u>	<u>Investment management expenses are usually not allocated on a policy by policy basis but at the level of a portfolio of insurance contracts. Investment management expenses could include expenses of recordkeeping of the investments' portfolio, salaries of staff responsible for investment, remunerations of external advisers, expenses connected with investment trading activity</u>

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		<u>(i.e. buying and selling of the portfolio securities) and in some cases also remuneration for custodial services.</u>
<u>R0210</u>	<u>Claims management expenses</u>	<u>Claims management expenses are expenses that will be incurred in processing and resolving claims, including legal and adjuster's fees and internal costs of processing claims payments. Some of these expenses could be assignable to individual claim (e.g. legal and adjuster's fees), others are a result of activities that cover more than one claim (e.g. salaries of staff of claims handling department).</u> <u>This shall include the movement in provisions in claims management expenses.</u>
<u>R0220</u>	<u>Overhead expenses</u>	<u>Overhead expenses include salaries to general managers, auditing costs and regular day-to-day costs i.e. electricity bill, rent for accommodations, IT costs. These overhead expenses also include expenses related to the development of new insurance and reinsurance business, advertising insurance products, improvement of the internal processes such as investment in system required to support insurance and reinsurance business (e.g. buying new IT system and developing new software).</u>
<u>R0230</u>	<u>Other expenses</u>	<u>Other technical expenses including non-capitalised costs not split by lines of business and excluded from R0170-R0230. Shall not include non-technical expenses such as tax, interest expenses, losses on disposals, etc.</u>
<u>R0240</u>	<u>Total net expenses</u>	<u>Net amount of all technical expenses (sum of R0160 and R0230)</u>
<u>R0250</u>	<u>Investment income</u>	<u>Investment income before tax. Composite insurers should apportion investment income using their internal basis.</u>
<u>R0260</u>	<u>Realised and unrealised gains / (losses)</u>	<u>Realised and unrealised gains (losses) on assets. Composite insurers should apportion gains / (losses) using their internal basis.</u>
<u>R0270</u>	<u>Other income</u>	<u>Any item of income which cannot properly be attributed to R0010 - R0250.</u>
<u>R0280</u>	<u>Interest payable</u>	<u>Interest payable before deduction of tax</u>
<u>R0290</u>	<u>Taxation</u>	<u>Amount of tax incurred (may be negative)</u>
<u>R0300</u>	<u>Business transfers-in</u>	<u>Amounts received on transfer in; where this template is for only part of the business this amount includes transfers from other funds. For the firm itself, total inter-fund transfers are excluded.</u>
<u>R0310</u>	<u>Business transfers-out</u>	<u>Amounts paid on transfers out; where this template is for only part of the business this amount includes transfers from other funds. For the firm total inter-fund transfers are excluded.</u>
<u>R0320</u>	<u>Transfers to (from) other funds</u>	<u>Shareholder transfers arising from with-profits business and transfers of unit management charges between funds. This item only applies to SR.05.03.01.</u>
<u>R0330</u>	<u>Dividends paid</u>	<u>Dividends paid during the period, including foreseeable dividends (S.23) at the end of the previous period and excluding foreseeable dividends at the end of the current period.</u>