

Bank of England

Prudential Regulation Authority

Annex II Chapter 10

Instructions regarding reporting templates for individual undertakings

S.18.01 — Projection of future cash flows (Best Estimate — Non Life)

General comments:

This section relates to annual submission of information for individual entities undertakings.

This template applies only to Best Estimate and the following shall be considered:

- All cash flows expressed in different currencies shall be considered and converted in the reporting currency using the exchange rate at the reporting date;
 - The cash flows shall be reported gross of reinsurance and undiscounted;
- In case the undertaking uses simplifications for the calculation of technical provisions, for which an estimate of the expected future cash flows arising from the contracts are not calculated, the information shall be reported only in those cases where more than 10 % of technical provisions have a settlement period longer than 24 months.

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 (eg legal and adjuster's fees).

	ITEM	INSTRUCTIONS
C0010/ R0010 to R0310	Best Estimate Premium Provision (Gross) — Gross cCash out-flows — Future Benefits	Amounts of all the expected payments to policyholders and beneficiaries as defined <u>Rule 9.1(2) and 9.1(3) of the Technical Provisions Part of the PRA Rulebook</u> plus ' <u>allocated loss adjustment expenses</u> ', referred to the whole portfolio of non-life obligations falling within the contract boundary, used in the calculation of premium provisions, from year 1 to year 30 and from year 31 and after.
C0020/ R0010 to R0310	Best Estimate Premium Provision (Gross) — Gross cCash out-flows — Future expenses and other cash-out flows	Amount of expenses, <u>excluding 'allocated loss adjustment expenses'</u> , that will be incurred in servicing insurance and reinsurance obligations as defined in <u>Rule 9.1(1) and 9.1(2) of the Technical Provisions Part of the PRA Rulebook</u> and in Article 31 of Delegated Regulation (EU) 2015/35 and other cash-out flow items such as taxation payments which are charged to policyholders used in the calculation of premium provisions, referred to the whole portfolio of non-life obligations from year 1 to year 30 and from year 31 and after.
C0030/ R0010	Best Estimate Premium Provision	Amounts of all the future premiums stemming from existing policies, excluding the past-due premiums, referred to the whole portfolio of non-

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	ITEM	INSTRUCTIONS
to R0310	(Gross) — Gross cCash in-flows — Future Premiums	life obligations, used in the calculation of premium provisions, from year 1 to year 30 and from year 31 and after.
C0040/R0010 to R0310	Best Estimate Premium Provision (Gross) — Gross cCash in-flows — Other cash-in flows	Amount of recoverables from salvages and subrogations and other cash-in flows (not including investment returns), used in the calculation of premium provisions, referred to the whole portfolio of non-life obligations from year 1 to year 30 and from year 31 and after.
C0045/R0010 to R0310	Best Estimate Premium Provision - recoverable from reinsurance (after the adjustment)	<u>Amount of undiscounted cash flows expected for each year from year 1 to year 30 and from year 31 and after.</u> <u>The future cash flows in the best estimate premium provision undiscounted from amounts recoverables from reinsurance and SPVs/Finite Re, including ceded intra group reinsurance, including future reinsurance premiums. Amount shall be reported net of adjustment for counterparty default risk.</u>
C0050/R0010 to R0310	Best Estimate Claims Provision (Gross) — Gross cCash out-flows — Future Benefits	Amounts of all the expected payments to policyholders and beneficiaries as defined in <u>Rule 9.1(2) and 9.1(3) of the Technical Provisions Part of the PRA Rulebook plus 'allocated loss adjustment expenses'</u> , referred to the whole portfolio of non-life obligations and relating existing contracts, used in the calculation of claims provisions, from year 1 to year 30 and from year 31 and after.
C0060/R0010 to R0310	Best Estimate Claims Provision (Gross) — Gross cCash out-flows — Future Expenses and other cash-out flows	Amount of expenses, <u>excluding 'allocated loss adjustment expenses'</u> , that will be incurred in servicing insurance and reinsurance obligations as defined in <u>Rule 9.1(1) and 9.1(2) of the Technical Provisions Part of the PRA Rulebook</u> and other cash-flow items such as taxation payments which are charged to policyholders used in the calculation of claims provisions, referred to the whole portfolio of non-life obligations from year 1 to year 30 and from year 31 and after.
C0070/R0010 to R0310	Best Estimate Claims Provision (Gross) — Gross cCash in-flows — Future premiums	Amounts of all the future premiums stemming from existing policies, excluding the past-due premiums, referred to the whole portfolio of non-life obligations used in the calculation of claims provisions, from year 1 to year 30 and from year 31 and after.
C0080/R0010	Best Estimate Claims	Amount of recoverables from salvages and subrogations and other cash-in flows (not including investment returns), used in the calculation of

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	ITEM	INSTRUCTIONS
to R0310	Provision (Gross) — <u>Gross c</u> Cash in-flows — Other cash-in flows	claims provisions, referred to the whole portfolio of non-life obligations and relating existing contracts, from year 1 to year 30 and from year 31 and after.
<u>C0085/</u> <u>R0010</u> to <u>R0310</u>	<u>Best Estimate</u> <u>Claims</u> <u>Provision -</u> <u>recoverable</u> <u>from</u> <u>reinsurance</u> <u>(after the</u> <u>adjustment)</u>	<u>Amount of undiscounted cash flows expected for each year from year 1 to year 30 and from year 31 and after.</u> <u>The future cash flows in the best estimate claims provision undiscounted from amounts recoverables from reinsurance and SPVs/Finite Re, including ceded intra group reinsurance, including future reinsurance premiums. Amount shall be reported net of adjustment for counterparty default risk.</u>
C0090/ R0010 to R0310	Total recoverable from reinsurance (after the adjustment)	<u>Total a</u> Amount of undiscounted cash flows expected for each year from year 1 to year 30 and from year 31 and after. The future cash flows undiscounted from amounts recoverables from reinsurance and SPVs/Finite Re <u>in the premium provision and claims provision combined</u> , including ceded intra group reinsurance, including future reinsurance premiums. Amount shall be reported net of adjustment for counterparty default risk.

Draft for Consultation