

# Bank of England

## Prudential Regulation Authority

### Annex II Chapter 10

#### Instructions regarding reporting templates for individual undertakings

##### S.19.01.01 — Non-life insurance Claims

General comments:

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

Claims development triangles show the insurer's estimate of the cost of claims (claims paid and claims provisions under Solvency II valuation principle) 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 (eg legal and adjuster's fees).

This template shall be reported for each line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, and material considering the following specifications:

- i. Reporting for all lines of business in total.
- ii. Reporting by line of business: it is required to report lines of business 1–12 (as reported in S.17.01) for both direct and accepted proportional reinsurance (to be reported together) and lines of business 25–28 for accepted non-proportional reinsurance; Firms shall report each line of business, or only the lines of business that represent a coverage of 90% of the gross undiscounted Claims Provisions. In the cases where a firm is reporting a coverage of 90%, the lines of business should be selected as follows:
  - a) Lines of business 4 and 16 (Motor vehicle liability insurance) are to be reported (combined).
  - b) Lines of business 8 and 20 (General liability insurance) are to be reported (combined).
  - c) Line of business 26 (Non-proportional casualty reinsurance) is to be reported.
  - d) For all other lines of business, using a decreasing order of gross undiscounted Claims Provision until all lines of business reported represents 90% coverage of the firm's gross total undiscounted claims provisions;
- iii. If the total gross best estimate for one non-life line of business represents more than 310% of the total gross undiscounted best estimate of the claims provision the information shall be reported with the following split by currencies in addition to the total for the line of business:
  - a) ~~Amounts in the reporting currency;~~ b) Amounts for any currency that represents more than 25% of the gross undiscounted best estimate of the claims provisions from that non-life line of business; or

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- b) e) Amounts for any currency that represents less than 25% of the gross undiscounted best estimate of the claims provisions from that non-life line of business but more than 5% of total gross undiscounted best estimate of the claims provisions.
- iv. If the total gross undiscounted best estimate for one non-life line of business represents less than 3 10% of the total gross undiscounted best estimate of the claims provision no currency split is required, only the total for the line of business shall be reported.
- v. The information by currency shall be reported in the original currency of the contracts unless otherwise specified.

The negative gross undiscounted claims provisions at the level of the line of business or currencies shall be considered with absolute value for the purpose of the calculation of the materiality of the above thresholds.

Undertakings are required to report data on an accident year or underwriting year basis, in accordance with any requirements of the Prudential Regulation Authority National Supervisory Authority. If the National Supervisory Authority Prudential Regulation Authority has not stipulated which to use then the undertaking may use accident or underwriting year according to how they manage each line of business, provided that they use the same year consistently, year on year.

~~The default length of run-off triangle is 15 + 1 years for all lines of business but the reporting requirement is based on the undertakings' claims development (if length of the claims settlement cycle is shorter than 15 years, undertakings are required to report according to the internal shorter development).~~

~~Historical data, starting from the first time application of Solvency II, are required for claims paid and RBNS claims, but not 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. For the compilation of the historical data for claims paid and RBNS claims the same approach concerning the length of triangle for the on-going reporting will be applied (i.e. the shorter between 15 + 1 years and the undertakings' claims settlement cycle).~~

All or part of an obligation moves from S.19.01 into S.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.

The sum of provisions in templates S.16.01 and S.19.01 for one non-life line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, represents the total claims reserves originating from this line of business.

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	ITEM	INSTRUCTIONS
Z0010	Line of Business	<p>Identification of the line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, reported. The following closed list shall be used:</p> <ul style="list-style-type: none"> <li>1 — 1 and 13 Medical expense insurance</li> <li>2 — 2 and 14 Income protection insurance</li> <li>3 — 3 and 15 Workers' compensation insurance</li> <li>4 — 4 and 16 Motor vehicle liability insurance</li> <li>5 — 5 and 17 Other motor insurance</li> <li>6 — 6 and 18 Marine, aviation and transport insurance</li> <li>7 — 7 and 19 Fire and other damage to property insurance</li> <li>8 — 8 and 20 General liability insurance</li> <li>9 — 9 and 21 Credit and suretyship insurance</li> <li>10 — 10 and 22 Legal expenses insurance</li> <li>11 — 11 and 23 Assistance</li> <li>12 — 12 and 24 Miscellaneous financial loss</li> <li>25 — Non-proportional health reinsurance</li> <li>26 — Non-proportional casualty reinsurance</li> <li>27 — Non-proportional marine, aviation and transport reinsurance</li> <li>28 — Non-proportional property reinsurance</li> <li><u>29 — Total all lines of business</u></li> </ul>
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> <ul style="list-style-type: none"> <li>1 — Accident year</li> <li>2 — Underwriting year</li> </ul>
Z0030	Currency	<p>Identify the ISO 4217 alphabetic code of the currency in which the obligation is denominated.</p> <p><u>This item shall be filled in with 'Total' when reporting the total for the line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35.</u></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 close list shall be used:</p> <ul style="list-style-type: none"> <li>1 — Original currency</li> <li>2 — Reporting currency</li> </ul> <p>Only applicable when reporting by currency.</p>
C0010 to C0160/R0100 to R0250	Gross Claims Paid (non-cumulative) – Triangle	<p>The Gross Claims Paid, net of salvage and subrogation, <del>excluding expenses</del>, 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 in absolute amount, non-cumulative and undiscounted.</p>

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	ITEM	INSTRUCTIONS
		The amount includes all the elements that compose the claim itself, <u>includes 'allocated loss adjustment expenses'</u> , but excludes <u>all other any expenses</u> .
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/ R0100 to R0260	Gross Claims Paid — Sum of years (cumulative)	Total 'Sum of all years' contains the sum of all data in rows (sum of all payments referred to the accident/underwriting year), including total.
C0200 to C0350/ R0100 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.  <u>The data are in absolute amount, non-cumulative and undiscounted, net of salvage and subrogation, includes 'allocated loss adjustment expenses', excludes all other expenses, and excludes any future premiums.</u>
C0360/ R0100 to R0260	Gross Best Estimate Claims Provisions — Year end (discounted data)	Total 'Year end' reflects the last diagonal but on a discounted basis (all data referred to last reporting year) from R0100 to R0250.  R0260 is the total of R0100 to R0250
C0400 to C0550/ R0100 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.  <u>The data are in absolute amount, non-cumulative and undiscounted, net of salvage and subrogation.</u>  The amount includes all the elements that compose the claim itself, <u>includes 'allocated loss adjustment expenses'</u> , but excludes <u>all other any expenses</u> .
C0560/ R0100	Gross Reported but not Settled	Total 'Year end' reflects the last diagonal <del>but on a discounted basis</del> (all data referred to last reporting year) from R0100 to R0250.

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	ITEM	INSTRUCTIONS
to R0260	Claims (RBNS) — Year end (discounted data)	R0260 is the total of R0100 to R0250.
C0570 / R0110 to R0250	Gross Earned Premium – at reporting reference date	<p><u>The gross earned premium as at the reporting reference date for each of the accident/underwriting years from N–14 to and including N.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>The amount includes any commission or acquisition costs deducted before the insurer receives the premium.</u></p>
C0580 / R0110 to R0250	Estimate of future gross earned premium	<p><u>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’.</u></p> <p><u>Estimate of future gross earned premium from the reporting reference date for each of the underwriting years from N–14 to and including N.</u></p>
C0600 to C0750/ R0300 to R0450	Reinsurance Recoveries (non-cumulative) — Triangle	<p><u>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 payments (claims paid by reinsurer plus reinsurance recoverables), reported in the ‘Gross Claims Paid (non-cumulative)’, covered by a reinsurance contract.</u></p> <p><u>The amounts of reinsurance recoverables shall be considered after the adjustment for the counterparty default.</u></p> <p><u>The amount includes all the elements that compose the claim itself but excludes all other any expenses.</u></p>
C0760/ R0300 to R0460	Reinsurance Recoveries received (non-cumulative) — In current year	<p><u>Total ‘Current year’ reflects the last diagonal (all data referred to last reporting year) from R0300 to R0450.</u></p> <p><u>R0460 is the total of R0300 to R0450.</u></p> <p><u>The amount includes all the elements that compose the claim itself but excludes any expenses.</u></p>
C0770/ R0300	Reinsurance Recoveries	<u>Total ‘Sum of years’ contains the sum of all data in rows (sum of all payments referred to the i accident/underwriting year), including total.</u>

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	ITEM	INSTRUCTIONS
to R0450	received — Sum of years (cumulative)	
C0800 to C0950/ R0300 to R0450	Undiscounted Best Estimate Claims Provisions — Reinsurance recoverable — Triangle	Provisions referred to the amounts recoverable from reinsurance contracts and special purpose vehicles. In the triangle is required to reported undiscounted data, while the column 'Year end' will contain data on discounted basis.  The amounts shall be considered after the adjustment for the counterparty default
C0960/ R0300 to R0460	Best Estimate Claims Provisions — Reinsurance recoverable — Year end (discounted data)	Total 'Year end' reflects the last diagonal but a on discounted basis (all data referred to last reporting year) from R0300 to R0450.  R0460 is the total of R0300 to R0450.
C1000 to C1150/ R0300 to R0450	Reinsurance RBNS Claims — 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 reinsurance share of provisions, reported in the 'Gross Reported but not Settled Claims (RBNS)', covered by a reinsurance contract.  The amount includes all the elements that compose the claim itself but excludes any expenses.
C1160/ R0300 to R0460	Reinsurance RBNS Claims — Year end (discounted data)	Total 'Year end' reflects the last diagonal but on a discounted basis (all data referred to last reporting year) from R0300 to R0450.  R0460 is the total of R0300 to R0450.
C1200 to C1350/ R0500 to R0650	Net Claims Paid (non- cumulative) — 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 claims paid net of salvage/subrogation and reinsurance.  <u>The data are in absolute amount, non-cumulative and undiscounted.</u>  The amount includes all the elements that compose the claim itself, <u>includes 'allocated loss adjustment expenses'</u> , but excludes <u>all other any expenses.</u>
C1360/ R0500 to R0660	Net Claims Paid (non- cumulative) — In current year	Total 'Current year' reflects the last diagonal (all data referred to last reporting year), from R0500 to R0650.  R0660 is the total of R0500 to R0650
C1370/ R0500	Net Claims Paid — Sum of	Total 'Sum of years' contains the sum of all data in rows (sum of all payments referred to the accident/underwriting year), including total.

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	ITEM	INSTRUCTIONS
to R0660	years (cumulative)	
C1400 to C1550/ R0500 to R0650	Net Undiscounted Best Estimate Claims Provisions — Triangle	<p>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 Best Estimate of Claims Provisions, <u>net of reinsurance</u>.</p> <p><u>The data are in absolute amount, non-cumulative and undiscounted, net of salvage and subrogation, includes ‘allocated loss adjustment expenses’, excludes all other expenses, and excludes any future premiums.</u></p>
C1560/ R0500 to R0660	Net Undiscounted Best Estimate Claims Provisions — Year end (discounted data)	<p>Total ‘Year end’ reflects the last diagonal but on a discounted basis (all data referred to last reporting year) from R0500 to R0650.</p> <p>R0660 is the total of R0500 to R0650.</p>
C1600 to C1750/ R0500 to R0650	Net RBNS Claims — Triangle	<p>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 Claims Outstanding net of salvage/subrogation and reinsurance.</p> <p><u>The data are in absolute amount, non-cumulative and undiscounted, net of salvage and subrogation.</u></p> <p>The amount includes all the elements that compose the claim itself, <u>includes ‘allocated loss adjustment expenses’, but excludes all other any expenses.</u></p>
C1760/ R0500 to R0660	Net RBNS Claims — Year end (discounted data)	<p>Total ‘Year end’ reflects the last diagonal but on a discounted basis (all data referred to last reporting year) from R0500 to R0650.</p> <p>R0660 is the total of R0500 to R0650.</p>
C1770 / R0510 to R0650	Net Earned Premium – at reporting reference date	<p><u>The net earned premium at the reporting reference date for each of the accident/underwriting years from N–14 to and including N.</u></p> <p><u>In the case of accident year reporting (ie that reported in Z0020 is ‘accident year’):</u></p> <ul style="list-style-type: none"> <li><u>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; and</u></li> <li><u>the reinsurers' share of premiums earned should be attributed to the same accident years as the corresponding gross premiums earned, so as to calculate the net earned premiums for each accident year.</u></li> </ul>

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	ITEM	INSTRUCTIONS
		<p><u>In the case of underwriting year reporting (ie that reported in Z0020 is 'underwriting year'), net premiums earned in respect of an underwriting year are the proportion of net premiums written attributable to that underwriting year that have been earned by the reporting reference date.</u></p> <p><u>The amount includes any commission or acquisition costs deducted before the insurer receives the premium.</u></p>
C1780 / R0510 to R0650	<u>Estimate of future net earned premium</u>	<p><u>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'.</u></p> <p><u>Estimate of future net earned premium from the reporting reference date for each of the underwriting years from N-14 to and including N.</u></p>
Inflation rates (only in the case of using methods that take into account inflation to adjust data)		
C1800 to C1940/ R0700	Historic inflation rate — total	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report by year, and for the 15 years, historic inflation rate used to <del>adjusted</del> <u>adjust</u> historical paid losses triangles.
C1800 to C1940/ R0710	Historic inflation rate — external inflation	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report, by year, and for the 15 years, historic external inflation: which is the 'economic' or 'general' inflation, i.e. the increase of the price of goods and services in <del>an</del> <u>a</u> specific economy (eg Consumer Price Index, Producer Price Index, etc.).
C1800 to C1940/ R0720	Historic inflation rate — endogenous inflation	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report, by year, and for the 15 years, historic endogenous inflation: which is an increase of claim costs specific of the line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, under consideration.
C2000 to C2140/ R0730	Expected inflation rate — total	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report by year, and for the 15 years, expected inflation rate used to <del>adjusted</del> historical paid losses triangles.
C2000 to C2140/ R0740	Expected inflation rate — external inflation	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report, by year, and for the 15 years, expected external inflation: which is the 'economic' or 'general' inflation, i.e. the increase of the price of goods and services in <del>an</del> <u>a</u> specific economy (eg Consumer Price Index, Producer Price Index, etc.).
C2000 to C2140/ R0750	Expected inflation rate — endogenous inflation	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report, by year, and for the 15 years, expected endogenous inflation: which is an increase of claim costs specific of the line of business, as defined in Annex I to Delegated Regulation (EU) 2015/35, under consideration.



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	ITEM	INSTRUCTIONS
C2200/ R0760	Description of inflation rate used	In the case of use of run-off techniques that explicitly take into account inflation in order to adjust data report narrative description of inflation rate used.

Draft for consultation