



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP2/18

Changes in insurance reporting requirements

January 2018

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA



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Responses are requested by Friday 13 April 2018.

Please address any comments or enquiries to:

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1 Overview

1.1 In this consultation paper (CP), the Prudential Regulation Authority (PRA) proposes a number of regulatory reporting changes designed to reduce the burden for Solvency II firms and mutuals while maintaining the PRA's ability to meet its statutory objectives and to supervise firms.

1.2 The CP is relevant to all UK Solvency II firms, the Society of Lloyd's and its managing agents and mutuals.

1.3 The proposals in this CP have been developed by the PRA as part of its work on adjustments to the insurance prudential framework in light of experience following the United Kingdom's implementation of Solvency II, including consideration of areas recommended for reform made by the Association of British Insurers (ABI) and discussed with the Treasury Select Committee.¹

1.4 A large proportion of the reporting to the PRA under Solvency II forms part of the European Commission's harmonised package. Of the remaining share, the PRA has sought to design the most extensive package of reforms possible without compromising its ability to supervise firms with the appropriate evidence base. The PRA believes that these proposals would, in particular, reduce the reporting burden for smaller firms.

Responses and next steps

1.5 This consultation closes on Friday 13 April 2018. The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to CP2_18@bankofengland.co.uk.

¹ News Release 'PRA launches series of improvements to the implementation of Solvency II', 25 October 2017: www.bankofengland.co.uk/news/2017/october/pra-launches-series-of-improvements-to-the-implementation-of-solvency-ii.

2 Proposals

2.1 This chapter sets out the PRA's proposals to:

- update the scope, content and/or format of eight of the thirteen National Specific Templates (NSTs): NS.01, NS.02, NS.05, NS.06, NS.07, NS.09, NS.10 and NS.11, found in rule 2.6 and Chapter 8 of the Reporting Part of the PRA Rulebook;
- amend the content of corresponding NST LOG files and introduce a new supervisory statement (SS) containing the LOG files;
- update SS11/15 'Solvency II: Regulatory Reporting and exemptions'¹ for changes to quarterly reporting waivers and clarification on the timing when resuming reporting should a waiver expire or be revoked; and
- amendments to rule 5.2 of the Change in Control Part of the PRA Rulebook to exempt mutuals from submitting Annual Controller Reports if they do not have a Controller.

National Specific Templates

2.2 The PRA proposes to amend the following NSTs effective for the financial year-end 2018 submissions.

NS.01 With-profits value of bonus

2.3 The PRA proposes to limit submission of NS.01 to with-profits firms where the with-profits best estimate liabilities are more than £500 million.

2.4 The information required within NS.01 enables the PRA to monitor shareholder transfers and the amount of claims being paid as terminal bonus. The proposal to reduce the population of firms required to submit this template is intended to reduce the reporting burden on smaller firms.

NS.02 With-profits assets and liabilities

2.5 The PRA proposes to limit submission of NS.02 to with-profits firms where the with-profits best estimate liabilities are more than £500 million.

2.6 Article 79 of the Solvency II Directive requires firms to allow for the value of financial guarantees and contractual options. Firms generally use an asset share approach to calculate with-profits liabilities and to identify the value of guarantees and options as separate components in accordance with the Surplus Funds Part of the PRA Rulebook. The proposal to reduce the population of firms required to submit this template is intended to reduce the reporting burden on smaller firms.

NS.05 Revenue account life

2.7 The PRA proposes to remove the requirement to submit information relating to a reconciliation of assets at the start and finish on a net basis.

1 As updated in July 2016: www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-regulatory-reporting-and-exemptions-ss.

2.8 This information is no longer required within NS.05. The majority of relevant information is expected to be available within the Quantitative Reporting Templates (QRTs) once the variation analysis reporting is submitted. The intention is reduce the reporting burden.

NS.06 Business model analysis (life)

2.9 The PRA is clarifying that best estimate liabilities and risk margin should be reported before adjustment for the transitional measure on technical provisions (TMTPs) which is now being requested as a separate item.

2.10 The PRA considers that it needs this information as a stand-alone item to identify the impact of the reduction in TMTPs on own funds.

NS.07 Business model analysis (non-life)

2.11 The PRA proposes a number of changes in relation to NS.07:

- Bring the template more into line with Solvency II reporting templates. This includes:
 - Aligning the line of business classification along the columns of the template to those in the Solvency II reporting (template S.05.01.01).
 - Splitting written premiums by direct and accepted reinsurance.
 - Change in other technical provisions added to the expenditure part of the template.
 - Reinsurance recoverables added to the balance sheet part of the template. (In Solvency II reporting, gross provisions and reinsurance recoverables are shown separately).
- Simplify the format and layout of the template as follows to take account of industry feedback on reducing the complexity of the template:
 - Distribution channel information is now in a separate part of the template to the line of business information.
 - Each of the four business years is in a separate part of the template (currently a new template has to be generated for each business year).
- Require the same information for all business plan years. At present only some information is required for business plan year 1 but not for years 2 and 3. The PRA's intention is to simplify the completion of the template.
- Introduction of the following items that the PRA requires for business model analysis:
 - split of gross written premium by new and renewal business for the reporting period and business plan years;
 - replacing the 'number of policies in-force' with number of contracts written or sum insured in force;
 - information that enables us to analyse the adequacy of net reserves relating to prior years;

- prior year reserve movements in the business plan;
- transfer- in and transfer-out data reported by class (currently it is reported in aggregate) to inform the PRA the lines of business subject to the transfer;
- best estimate for life business (for the benefit of firms with non-life annuities and composites submitting NS.07); and
- delegated underwriting included in the distribution channel information.
- Removal of other items that the PRA no longer needs for business model analysis.
- Improved clarification to the instructions LOG for claims incurred and business transfer information.

2.12 The workbook for completing and submitting NSTs will be updated to reflect the changes to NST requirements and published alongside the final policy.

NS.09 Best estimate assumptions for life insurance risks

2.13 The PRA is adding a clause that exempts firms from reporting data for sub-categories 2 and 3 where the previous line(s) already cover at least 50% of the business for that product (in terms of number of policies).

2.14 The PRA consider that this proposal would reduce the reporting burden for firms.

NS.10 Projection of future cash flows (Best Estimate – non-life: liability claim types)

2.15 The PRA proposes substantial layout changes to simplify the completion of template NS.10. The template has been collapsed so that only a single sheet is submitted. (Currently the template is submitted for each line of business and direct/accepted reinsurance combination.)

2.16 The PRA is proposing to simplify PRA Rulebook: Reporting 2.6(7) such that all general insurers submit NS.10. (If a firm has no liabilities for the claim types covered in NS.10, the firm would submit a null NS.10.) Currently PRA Rulebook: Reporting 2.6(7) requires general insurers carrying one of eight specified classes of business to submit NS.10. The PRA considers that the current rule PRA Rulebook: Reporting 2.6(7), which is a class of business based rule, is no longer consistent with the proposed revised NS.10, which is based on claim type only (and no longer references classes of business). The PRA considers that the proposed simplification to rule 2.6(7) does not increase the reporting burden on firms because a firm that submits a non-null NS.10 under the proposed PRA Rulebook: Reporting 2.6(7) would be required to submit NS.10 under the current PRA Rulebook: Reporting 2.6(7).

2.17 The PRA also proposes to make a number of content changes to NS10:

- Only the sum of cash-flows is required.

This reduces the amount of information required relating to best estimate cash-flows split by year in order to reduce the reporting burden.

- A revised list of claims types intended to be aligned better with how firms have informed the PRA that they report latent claim provisions internally.

- As a result of removing best estimate cash-flows by year, the mean term of claim provisions cash out-flows is required at a total level for asbestos, health hazards, pollution and other latent or long-tail claims.

NS.11 Non-life claim development information

2.18 The PRA proposes to:

- remove information required relating to inflation from NS.11;
- change the criteria for reporting by currency to align with that in Solvency II reporting template S.19.01.01; and
- change the layout and cell referencing of the template to align with that in Solvency II reporting template S.19.01.01.

Amendments to NST LOG files

2.19 As a consequence of the above proposals, the PRA would update the NST LOG files to be implemented for the financial year-end 2018 submissions.

2.20 In addition, the PRA proposes to provide additional clarification on how to complete the templates in order to improve data quality and consistency.

2.21 The amendments are outlined in Appendix 2.

2.22 In addition, the PRA proposes to create a new supervisory statement containing the LOG files. At present, the LOG files are available on the Regulatory Reporting pages of the Bank of England's website. Publishing the LOG files within a supervisory statement formally clarifies the PRA's expectations on how the templates should be completed.

Updates to SS11/15 'Solvency II: Regulatory Reporting and exemptions'

2.23 The PRA proposes a number of amendments to SS11/15 regarding the expectations of the steps firms must take to apply for quarterly reporting waivers and how the decision will be communicated to the applicant firms. It also clarifies the PRA's expectations regarding the timeframe for a firm to resume reporting when a reporting waiver expires or the PRA revokes a reporting waiver.

Solo quarterly reporting waivers

2.24 In SS11/15, the PRA stated that Category 4 and 5 firms may meet the eligibility criteria for the limitation of regular supervisory reporting with a predefined period of shorter than one year ie quarterly QRTs, and invited these firms to make a formal application for a quarterly reporting waiver after discussing eligibility with its supervisor.

2.25 Article 35(6) of the Solvency II Directive states that this exemption is only available to firms that cumulatively represent less than 20% of a Member State's life and non-life insurance and reinsurance market share respectively, and that supervisory authorities should give priority to the smallest undertakings when determining eligibility.

2.26 The PRA proposes a revision of the expectations in SS11/15 regarding the application process for Category 4 and 5 firms, both solo and/or part of a group, to replace the current formal application with a waiver by consent. Unless specifically instructed by the firm's

supervisor, the PRA would inform solo Category 4 and 5 firms that a waiver is available to which firms must consent to its application. The effect would be to exempt Category 4 and 5 firms from quarterly reporting.

2.27 For Category 3 firms, although SS11/15 states that the PRA will consider quarterly reporting waiver applications on an exceptional basis only, it has received and approved a number of applications from these firms. The PRA therefore proposes to amend paragraph 3.1 of SS11/15 to remove the reference to 'on an exceptional basis'. The PRA will continue to consider waiver applications from Category 3 firms on a case-by-case basis and continue to assess applications by Category 1 and 2 firms on an exceptional basis. Consideration of a waiver will remain the subject of supervisory judgement, prioritisation of the smallest firms, and the constraining market share limits.

Time period for resuming reporting

2.28 The PRA proposes that, should it revoke a waiver, firms would be expected to resume the submission of the quarterly QRTs six months from the initial notification, unless there were specific circumstances where such a delay would not be appropriate. The PRA proposes to update SS11/15 to include this expectation.

2.29 Such circumstances could include for example, the revoking of a waiver due to a crisis situation, where the PRA may wish to receive structured reporting earlier to fulfil its statutory objectives. This would be made clear at the time of notification.

2.30 For clarity, when a waiver expires and is not renewed by the firm or the PRA, reporting would resume at the next scheduled reporting date.

Submitting Annual Controller Reports for mutuals

2.31 This chapter sets out the proposal to extend the exemption from the submission of the Annual Controllers Report (REP002 Controllers Report) from Friendly Societies to mutuals.

2.32 The proposal is relevant to all PRA supervised firms.

2.33 The Change in Control chapter in the PRA Rulebook requires firms to submit to the PRA, via electronic means, a written Annual Controllers report contained in rule 6.6 of the same chapter. Friendly societies and building societies are currently only required to make this submission when they are aware of the existence of any controllers.

2.34 The PRA proposes to extend the current exemption by replacing the reference to friendly societies with a reference to mutuals. This expanded scope, which continues to capture friendly societies, would require submission of the Annual Controllers Report only where the referenced firms are aware that a controller exists. This change will mean this reporting requirement more accurately reflects the PRA's supervisory data needs.

2.35 The FCA consulted on making a similar change to the equivalent rule in the FCA Handbook in September 2017 which is reflected in the FCA Handbook Notice No.50. This potential change to reporting requirements would, if taken forward, come into legal effect simultaneously in both the FCA Handbook and PRA Rulebook.

3 The PRA's statutory obligations

3.1 In carrying out its policy making functions, the PRA is required to comply with several legal obligations.

3.2 Before making any rules, the Financial Services and Markets Act 2000 (FSMA)¹ requires the PRA to publish a draft of the proposed rules accompanied by:

- a cost benefit analysis;
- an explanation of the PRA's reasons for believing that making the proposed rules is compatible with the PRA's duty to act in a way that advances its general objective,² insurance objective³ (if applicable), and secondary competition objective;⁴
- an explanation of the PRA's reasons for believing that making the proposed rules are compatible with its duty to have regard to the regulatory principles;⁵ and
- a statement as to whether the impact of the proposed rules will be significantly different to mutuals than to other persons.⁶

3.3 The Prudential Regulation Committee (PRC) should have regard to aspects of the Government's economic policy as recommended by HM Treasury.⁷

3.4 The PRA is also required by the Equality Act 2010⁸ to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions.

Cost benefit analysis

3.5 The changes proposed to the NSTs are intended to reduce the reporting burden on firms, including a reduction in the ongoing costs of regular reporting. The amendments to NS.07 and NS.10 in particular include the simplification of the completion of the templates. While this should remove some of the burden on firms to submit the required information, there may be an additional one-off cost to firms in amending existing systems to accommodate the updates for the first submission post the publication of final policy.

3.6 There are some minor additional requirements proposed for templates NS.06, NS.07 and NS.10 that benefit the PRA in carrying out its supervisory approach, and that are required given other changes to reduce or simplify the reporting. There will be some additional cost to firms in providing this information, but this is not considered material, and is considered to be outweighed by the benefit of a reduced reporting package overall.

3.7 The proposals relating to Category 4 and 5 firm quarterly waivers are likely to reduce the costs to firms in having to apply for and maintain a waiver.

1 Section 138J of FSMA.

2 Section 2B of FSMA.

3 Section 2C of FSMA.

4 Section 2H(1) of FSMA.

5 Sections 2H(2) and 3B of FSMA.

6 Section 138K of FSMA.

7 Section 30B of the Bank of England Act 1998.

8 Section 149.

3.8 The PRA does not consider there to be any additional costs to firms in relation to the other proposals contained within this CP.

3.9 There may be a risk to the PRA in not receiving information that was previously received. But this is considered to be small, following the review work carried out. The proposals have been considered carefully to ensure the PRA maintains the reporting required to supervise firms effectively.

Compatibility with the PRA's objectives

3.10 The PRA considers that the proposals in this CP are compatible with the PRA's statutory objectives to promote the safety and soundness of PRA-authorised firms; and in the context of insurance, to contribute to policyholder protection. While the intention of the reforms is to reduce the overall reporting burden on UK insurance firms, the information required ensures that the PRA can continue to meet its statutory objectives and supervise firms in a more efficient manner.

3.11 When determining the general policy and principles by reference to which it performs particular functions, the PRA is legally required, so far as is reasonably possible, to facilitate effective competition in the markets for services provided by PRA-authorised persons in carrying out regulated activities. The PRA considers that the proposals reduce the reporting burden faced by smaller firms, in particular.

Regulatory principles

3.12 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. Three of the principles are of particular relevance:

- the principle that a burden imposed on a firm should be proportionate to the benefits expected to result from the imposition of that burden. The PRA's approach in reducing the overall reporting burden is consistent with taking a proportionate approach;
- the principle that the regulators should exercise their functions as transparently as possible. The PRA has worked closely with the ABI and industry participants in developing the proposals contained within this CP; and
- the principle of diversity is relevant, recognising the differences in the nature, including the size and category, of the businesses impacted.

Impact on mutuals

3.13 The proposed rule change in paragraph 2.16 is specifically directed at mutuals and will impact these firms differently to other firms. This change will result in a reduction in the reporting requirements for these firms.

3.14 In the PRA's opinion, the impact of the other proposals on mutuals is expected to be no different from the impact on other firms.

HM Treasury recommendation letter

3.15 HM Treasury has made recommendations to the PRC about aspects of the Government's economic policy to which the PRC should have regard when considering how to advance the objectives of the PRA and apply the regulatory principles set out in FSMA.¹

3.16 The aspects of the Government's economic policy most relevant to the proposals in this CP are: competition; transparency; and diversity. These aspects have been considered in the 'compatibility with the PRA's objectives' and 'regulatory principles' sections above.

Equality and diversity

3.17 The PRA does not consider that the proposals give rise to equality and diversity implications.

¹ Information about the Prudential Regulation Committee and the recommendations from HM Treasury are available on the Bank's website at www.bankofengland.co.uk/about/people/prudential-regulation-committee.

Appendices

-
- 1 Draft Reporting Instrument – Reporting, National Specific Templates**

 - 2 Draft National Specific Templates requirements**

 - 3 Draft supervisory statement ‘Solvency II: National Specific Templates LOG files’**

 - 4 Draft amendments to Supervisory Statement 11/15 ‘Solvency II: reporting and exemptions’**

 - 5 Draft Reporting Instrument – Change in Control**

Appendix 1

PRA RULEBOOK: SOLVENCY II: REPORTING AMENDMENTS INSTRUMENT (NO.1) 2018

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 60 (Applications for approvals);
 - (2) section 137G (The PRA’s general rules);
 - (3) section 137T (General supplementary powers); and
 - (4) paragraphs 19(10) and 20(4C) of Schedule 3 (EEA Passport Rights) Part III (Exercise of Passport Rights by UK firms).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA RULEBOOK: SOLVENCY II: REPORTING AMENDMENTS INSTRUMENT (NO.1) 2018

- D. The PRA makes the rules in the Annexes to this instrument.

Commencement

- E. Annex A of this instrument comes into force on [DATE]

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Reporting Amendments Instrument (No.1) 2018

By order of the Prudential Regulation Committee
[DATE]

ANNEX A

Amendments to the Reporting Part

In this annex new text is underlined and deleted text is struck through.

2 REPORTING TO THE PRA

...

2.6 Subject to 2.7, a firm falling within categories (1) to (7) must submit to the PRA the corresponding national specific templates on an annual basis:

(1) ~~A firm carrying on with-profits insurance business must submit template NS.01: With-Profits Value of Bonus and template NS.02: With-Profits Assets and Liabilities long-term insurer must submit:~~

(a) NS.01: With-Profits Value of Bonus if net best estimate liabilities for *with-profits insurance business* are more than £500m and the *firm* is a single *with-profits fund*;

(b) NSR.01: With-Profits Value of Bonus for each ring-fenced fund which is also a *with-profits fund* if net *best estimate* liabilities for *with-profits insurance business* are more than £500m for the *firm* as a whole;

(c) NS.02: With-Profits Assets and Liabilities if net *best estimate* liabilities for *with-profits insurance business* are more than £500m and the *firm* is a single *with-profits fund*;

(d) NSR.02: With-Profits Assets and Liabilities for each ring-fenced fund which is also a *with-profits fund* if net best estimate liabilities for *with-profits insurance business* are more than £500m for the *firm* as a whole;

(e) NS.05: Revenue Account - Life;

(f) NSR.05 Revenue Account – Life for the remaining part and each ring-fenced fund which is also a *with-profits fund* if the *firm* has one or more ring-fenced funds which is also a *with-profits fund*;

(g) NS.06: Business Model Analysis – Life if gross technical provisions for life business (including health similar to long-term business) are more than £500m; and

(h) NS.09: Best Estimate Assumptions for Life Insurance Risks;

...

(5) ~~[Deleted] A long-term insurer must submit:~~

~~(a) NS.05: Revenue Account – Life;~~

~~(b) NS.09: Best Estimate Assumptions for Life Insurance Risks; and~~

~~(c) NS.06: Business Model Analysis – Life;~~

8 NATIONAL SPECIFIC TEMPLATES

...

8.5 NS.05 can be found [\[here\]](#), to be completed in the workbook found [\[here\]](#).

8.6 NS.06 can be found [\[here\]](#), to be completed in the workbook found [\[here\]](#).

8.7 NS.07 can be found [\[here\]](#), to be completed in the workbook found [\[here\]](#).

...

8.9 NS.09 can be found [\[here\]](#), to be completed in the workbook found [\[here\]](#).

8.10 NS.10 can be found [\[here\]](#), to be completed in the workbook found [\[here\]](#).

8.11 NS.11 can be found [\[here\]](#), to be completed in the workbook found [\[here\]](#).

...

Appendix 2: Draft National Specific Template requirements

Draft NS.05	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
Draft NS.06	
Draft NS.07	
Draft NS.09	
Draft NS.10	
Draft NS.11	

Appendix 3: Draft Supervisory Statement ‘Solvency II: National Specific Templates LOG files’

1 Introduction

1.1 In this Supervisory Statement (SS), the Prudential Regulation Authority (PRA) sets out its expectation of firms when completing their submission of National Specific Templates (NSTs).

1.2 This SS is relevant to all UK Solvency II firms and to the Society of Lloyd’s and its managing agents.

2 National Specific Template LOG files

2.1 The PRA expects firms to complete their submission of National Specific Template requirements in line with the information provided in the LOG files.

2.2 Minor corrections and clarifications to the LOG files may be made over time via updates and reporting clarifications respectively on the Regulatory Reporting pages of the Bank of England’s website.¹

¹ www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector.

Appendix – LOG files to accompany National Specific Templates (NSTs)

The draft LOG files are available at [insert link].

Number and template name	LOG file
NS.00 - Basic information	(No change – available on the Regulatory Reporting webpage at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector)
NS.01 - With-profits value of bonus	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.02 – With-profits assets and liabilities	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.03 – Material pooling arrangements	(No change – available on the Regulatory Reporting webpage at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector)
NS.04 – Assessable mutuals	(No change – available on the Regulatory Reporting webpage at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector)
NS.05 – Revenue account life	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.06 – Business model analysis (life)	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.07 – Business model analysis non-life	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.08 – Business model analysis – financial guarantee insurers	(No change – available on the Regulatory Reporting webpage at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector)
NS.09 – Best estimate assumptions for life insurance risks	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements

NS.10 – Projection of future cash flows (best estimate – non-life: liability claim types)	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.11 – Non-life claim development information (general liability sub-classes)	Available at www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements
NS.12 – The Society of Lloyd’s solvency capital requirement	(No change – available on the Regulatory Reporting webpage at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector)
NS.13 – The Society of Lloyd’s minimum capital requirement	(No change – available on the Regulatory Reporting webpage at www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector)

Appendix 4: Draft update to Supervisory Statement 11/15 'Solvency II: regulatory reporting and limitations' ~~exemptions~~

3 Scope of quarterly reporting limitation exemption

3.1 The PRA considers that some firms may be eligible for the ~~exemption~~ limitation of regular supervisory reporting where the predefined submission period is less than one year, as set out in Article 35(6) of the Solvency II Directive. The PRA will grant this limitation via a rule waiver. Specifically, the PRA considers that firms designated as category ~~four~~ 4 and ~~five~~ 5 by the PRA, whether solo or part of a group, ~~may~~ meet the requirements of ~~exemption~~ for the limitation of ~~from~~ quarterly reporting. While the PRA expects that category 3 firms should report on a quarterly basis, it may consider ~~waivers exemptions~~ on a case-by-case basis. The PRA may also consider ~~waivers exemptions~~ for category 1 and 2 firms on an exceptional basis. ~~all other firms should report on a quarterly basis, on an exceptional basis it may also consider exemptions for firms not in category four or five on a case-by-case basis.~~ These cases could include small firms that are part of groups where the group is designated as category ~~one~~ 1, ~~two~~ 2 or ~~three~~ 3 by the PRA.

3.2 The reporting requirements are set out in the Solvency II Regulations and in Reporting 2.1–2.14 in the Reporting Part of the PRA Rulebook. Article 35(6) of the Solvency II Directive states that supervisory authorities may limit reporting with a frequency shorter than one year where 'submission of that information would be overly burdensome in relation to the nature, scale and complexity of the risks inherent in the business of the undertaking'¹. This limitation exemption is only available to firms that cumulatively represent less than 20% of a Member State's life and non-life insurance and reinsurance market shares respectively. On this basis, the PRA has determined that firms designated by the PRA as category ~~four~~ 4 and ~~five~~ 5, both solo and part of a group, ~~may be~~ are eligible for the limitation of exemption quarterly reporting, through a waiver by consent, unless specifically instructed by its supervisory team. Other firms may also, ~~exceptionally~~, be eligible.

...

3.6 The PRA may, where necessary to meet its objectives, make ad hoc requests for quarterly reporting from firms holding an ~~exemption~~ a waiver. Firms granted an ~~exemption~~ a waiver from quarterly reporting should therefore maintain their ability to respond to such ad hoc requests ~~in a timely manner~~.

3.6 (a) Should a waiver be revoked by the PRA, the PRA expects that firms will resume reporting within six months from the initial notification, unless there are specific circumstances where such a delay would not be appropriate.

3.6 (b) Should a waiver expire and not be renewed by the firm or the PRA, reporting should resume at the next scheduled reporting date.

3.7 Category 1 to 3 solo firms and groups Firms that believe they are eligible for ~~exemptions~~ limitations-to quarterly reporting should discuss this ~~exemption~~ limitation with their supervisor prior to submitting a formal application. Similarly, groups subject to group supervision by the

¹ Article 35(8) of the Solvency II Directive lists the minimum supervisory considerations in assessing whether the submission of information would be overly burdensome.

PRA that believe they are eligible for ~~exemptions~~limitations to quarterly reporting at the level of the group should discuss this ~~exemption~~limitation with their group supervisor prior to submitting a formal application. An application should then be submitted by completing the relevant questionnaire published on the Bank of England website. ~~in 2015 Q1. Any applications for quarterly reporting exemptions, either at solo or group level, intended to apply for the 2016 reporting year should be submitted by Tuesday 1 September 2015.~~ Given that the group level reporting ~~exemption~~limitation may only be granted once all solo firms within a group have been granted the solo level ~~exemption~~limitation, the timing of decisions on the two types of applications may differ.

3.8 Once the PRA has assessed an application it will inform the firm of its decision. Where an application is approved, the firm will be sent a Direction letter that sets out the duration of the ~~exemption~~waiver. The PRA expects firms to have a contingency plan in place in case their application is rejected and maintain contingency plans in case the ~~exemption~~waiver should expire without being extended. The PRA expects all firms to notify their supervisory contact as soon as they believe there are any circumstances which may impact their suitability to hold an ~~exemption~~waiver.

Appendix 5: Draft reporting instrument – Change in Control

PRA RULEBOOK: CHANGE IN CONTROL AMENDMENTS INSTRUMENT (NO.1) 2018

Powers exercised

- G. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (5) section 60 (Applications for approvals);
 - (6) section 137G (The PRA’s general rules);
 - (7) section 137T (General supplementary powers); and
 - (8) paragraphs 19(10) and 20(4C) of Schedule 3 (EEA Passport Rights) Part III (Exercise of Passport Rights by UK firms).
- H. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

- I. In accordance with section 138J of the Act (consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA RULEBOOK: CHANGE IN CONTROL AMENDMENTS INSTRUMENT (NO.1) 2018

- J. The PRA makes the rules in the Annexes to this instrument.

Commencement

- K. Annex A of this instrument comes into force on [DATE]

Citation

- L. This instrument may be cited as the PRA Rulebook: Change in Control Amendments Instrument (No.1) 2018

By order of the Prudential Regulation Committee
[DATE]

ANNEX A

Amendments to the Change in Control Part

In this Annex new text is underlined and deleted text is struck through.

5 ANNUAL CONTROLLERS REPORT

...

Exemptions

5.2 A ~~friendly society~~ mutual or a *building society* is only required to submit a report under 5.1 if it is aware that it has a *controller*