

Bank of England

Prudential Regulation Authority

Minutes

PRA/ABI industry engagement group on regulatory reporting reform – seventh meeting

7 March 2022

Location: **Teams Call**

Attendees: **Members of the PRA**

Representatives of the following insurance firms and trade bodies:

ABI

Aviva

AXA XL

BUPA

Direct Line

Foresters

IUA/LMG

Just

Lloyd's

M&G

Phoenix

Rothesay

Royal London

RSA

Apologies: **Representatives of the following insurance firms and trade bodies:**

None:

Minute **Minute**
No.

1.	<p>Master Template</p> <p>The ABI presented the next iteration of the master template. This is based on continuous feedback from stakeholders. The PRA commented that it has discussed hosting this, but it will be difficult due to security concerns.</p> <p>The PRA asked about the involvement of non-ABI members, and the ABI confirmed that this has been shared with the non-ABI participants. The PRA confirmed that everyone can send feedback to the PRA. The PRA added that it has a permanent resource joining soon, who can help with a number of things on the project.</p>	<p>Action owner and due date</p> <p>The PRA and the ABI</p> <p>Discuss the Master Template separately</p>
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2. **Specific reporting template 1**

The PRA noted that it was interested in firms' views on these specific templates as well as on the European Insurance and Occupational Pensions Authority's (EIOPA's) changes.

The ABI informed the meeting that this template is one of those receiving the most comments as it requires lots of resource, which can run into millions of datapoints for big insurers. Therefore, it would be useful to deliver improvements in this area. It suggested there were data quality issues with this template a while ago, although these may have improved now. The template contains data that can be externally sourced, and there are questions about what really needs to be included.

The PRA confirmed that there is some ambiguity in the data - some insurers use different classifications. As part of this review, the PRA will look to remove ambiguity. The PRA has considered quarterly submissions and no final decisions have been made. It also noted that there are other stakeholders – the Office for National Statistics (ONS), for example. The PRA recognised that a specific area in this template could be an issue for smaller firms who outsource this function.

The PRA thought that this should be a part of a longer-term review, rather than being in Phase 2. In addition, this template is used to form macro views. The PRA added that reducing frequency would result in increasing ad hoc requests in emergency situations and raised the question whether annual reporting would be sufficient to produce up-to-date information.

One industry representative commented that this template is onerous and takes a lot of research, and becomes more complicated in certain situations: eg, restructures affect reporting. Another problematic aspect is getting duration data. The PRA stated that it currently made less use of one particular aspect of the data. The industry

representative responded that it would be helpful to know which things are important for the PRA, as currently they are spending the same resource on each area.

A different industry representative asked whether there had been a consideration of applying a materiality threshold up to 90%? The smaller holdings are the ones that take most time to produce. The PRA confirmed that the PRA will always want 100% of the assets, but it can think about materiality in terms of detail provided. The PRA commented that if the remaining investments were small and with not much correlation between them, this could work.

A further industry representative mentioned that this template was never the easiest to complete and, it has grown with time. The PRA said that adding the additional required data shouldn't increase the burden significantly. The industry continued by saying that, because of the amount of data points, the data isn't static, noting that various specific things may change. The more fields are added, the more quality assurance and validation has to be done.

A further industry representative commented that their main concern is duplication of data, and added that insurance reporting burden is bigger compared to other industries. The PRA commented that it would consider adjusting the reporting requirements if an alternative source becomes available.

The PRA commented that there could be a need for Phase 3 to assess the more complicated returns.

The ABI: comments from participants show that this specific template is one of the most burdensome and the industry is keen to achieve streamlining.

The PRA commented that the PRA is currently not planning to add EIOPA's amendments.

3. Specific reporting template 2

The PRA recognised challenges encountered by the firms with this template and welcomed any thoughts from the industry to address those. The ABI questioned frequency, which is based on a threshold (quarterly if above the threshold). This is another template used by the ONS on a quarterly basis.

One industry representative asked whether certain specific assets were as important as the rest within the template? The PRA replied that they were important for a macro view rather than a prudential perspective. A different industry representative asked whether a materiality threshold (90%?) would help.

4. Specific reporting templates 3 and 4

These templates are not used as extensively as specific templates 1 and 2. Specific template 3 is used by the ONS.

One industry representative noted that a particular calculation always takes a great deal of time and is different from the accounting basis. A different industry representative added that if the split of data was removed, this would solve the issue.

The first industry representative commented that specific template 4 is different from their daily monitoring and results in additional overheads.

5. **Relevant annexes**

The PRA will work through the annexes and remove inconsistencies/ambiguity.

One industry representative asked when these would come into force as testing will be required. The PRA commented that the official timeline is year-end 2023. If there were things to be easily implemented for year-end 2022, these could be done.

It should be noted that, since this discussion, the implementation date has been rescheduled to year end 2024 to allow firms time to make the necessary changes.

6. AOB**Deadlines for Reporting**

The PRA discussed the reporting deadlines and submission statistics. A small percentage of solos report late – under 5%. It doesn't look like firms have significant problems with the timelines. It stated that it was considering proposals to delay reporting of quarterly returns for solo firms and branches.

One industry representative commented that some firms may make assumptions (based on EIOPA data) that they otherwise wouldn't and increasing the submission deadline for solos would help. Another industry representative was also supportive of the proposed extension, then commented that Bank Holidays may impact deadlines, and asked if these can be considered, giving firms deadlines based on working days.

Another industry representative asked about Q4 submissions and whether these could be dropped, and whether, also, the annual return deadline could be brought forward. The PRA replied that this was not being considered currently.

Another industry representative asked whether there had been any consideration for simplifying quarterly reporting. The PRA replied that it is looking at the timelines rather than content and added that for the asset data, it isn't clear if the PRA can remove certain columns.