

Bank of England

Prudential Regulation Authority

Minutes

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

10 February 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

Just

L&G

M&G

Phoenix

PIC

Rothesay

Royal London

RSA

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

Lloyd's

Minute **Minute**
No.

1. **Welcome**

2. **Update on Terms of Reference (ToR)**

The PRA advised that the ToR was ready and been shared with everyone and asked the ABI to arrange for members to review and sign this.

The industry asked whether the SFCR is in scope of the review. The PRA responded that it would confirm but that it was likely to be included.

3.	<p>Progress on Master Template</p> <p>The ABI shared the draft Master Template file, which includes all the existing templates, as well as the new templates proposed by the PRA. The document includes proposals from the group as to what should happen to each template (i.e. deleted, reformed etc). It also highlights areas of duplication. The objective is to provide an overall industry perspective and to make sure nothing is missed.</p> <p>The PRA welcomed the Master Template file. It also stated it was keen to ensure that non-ABI members can also contribute.</p> <p>A representative of the PRA made a comment on the proposal to delete a specific template, explaining that this information is required, but not for all the firms. For example, it could be deleted for Lloyd's firms. They added that the ABI needs to understand the PRA perspective in compiling the document.</p> <p>The ABI received the PRA's comments with thanks and responded that the Master Template also helps the industry understand why/if the PRA needs this information and, therefore, it is serving its purpose well.</p> <p>Another representative of the PRA also welcomed the Master Template and suggested considering having a general insurance and long-term insurance split for the templates. In addition, to considering individual deletions, the templates may need to be considered in groups where certain templates report data which are related.</p>	<p>Action owner and due date</p> <p>The PRA and the ABI</p> <p>Discuss the best way of ensuring that everyone (not just the ABI) can contribute to the Master Template.</p>
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4. **ABI feedback from the 11 January 2022 meeting**

The ABI commented that it does take time to collate feedback on the PRA's proposals. The ABI presented initial feedback to the 11 of January 2022 proposals by the PRA. These will be emailed to the PRA later, subject to governance procedures having been completed.

Specific template 1

The ABI is supportive of Technical Provisions calculated as a whole being discontinued, had questioned whether Equity Release Mortgage (ERM) assets should be treated as loans or securitisations and said that the proposals did not contain enough detail to provide a clear view.

Specific template 2

The ABI noted that the European Insurance and Occupational Pensions Authority (EIOPA) is considering this for deletion. The ABI supports simplification of reporting in this area.

Specific template 3

The ABI believes that information in this template is duplicated in financial reporting. It expressed concern about moving to the proposed format which is perceived to be more complex.

Specific template 4

The ABI provided feedback on the PRA's proposals for additional data for matching Adjustment (MA).

Specific template 5

The ABI supports the proposed simplification.

5. **Reporting on specific non-life areas**

The PRA presented its proposals and noted that these proposals were put together before the Master Template was shared. It clarified that this template is seen as critical and there are no plans to delete it. However, there is room for reform. The key issue is duplication and, to address this, the PRA propose to delete the non-life part of a specific template moving the reporting of specific information to another template. As a result of this replacement, high-level information related to the Financial Services Compensation Scheme (FSCS) would be added and references to European directives would be removed. The files were sent to the participants in advance and feedback on that would be appreciated. The PRA prefers log files to contain text rather than references. For consistency, the PRA has tried to ensure that wording in the log file is independent of the accounting basis used, which is a key area for industry feedback.

The PRA is aware that its proposals would impact firms in run-off since they would have to commence completion of the amended template. However, other firms would experience a reduction in reporting burden as they would no longer have to complete the deleted template. One industry representative had some brief initial feedback from reporting colleagues on the PRA's proposals:

- On a specific proposed quarterly template, they had a question around quarterly reporting, given that, in their opinion, there is already a lot of quarterly reporting. There are additional columns in the proposed template, with more granularity, and this is additional work needed to be done in tight timeframes.
- On the proposed expansion of lines of business, they asked how this would affect other SII returns, given that these templates are linked to each other in the firm's reporting.

- Additionally, they were unsure around the definition of expenses (paid or payable).

The PRA agreed with the quarterly reporting comment, which it thought was subject to discussion. Quarterly income & expense information would be brief compared to the annual return.

Another representative from the industry stated that they felt investment income and packaged policies were difficult to distinguish by line of business.

6. **AOB**
None