

Bank of England

Prudential Regulation Authority

Minutes

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

11 January 2022

Location: **Teams Call**

Attendees: **Members of the PRA**

Representatives of the following insurance firms and trade bodies:

ABI

Aviva

AXA XL

Direct Line

IUA

Just

L&G

Lloyd's

M&G

Phoenix

PIC

Rothesay

Royal London

RSA

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

Foresters

Minute **Minute**
No.

1. Introduction

The PRA welcomed everyone and thanked the ABI for its feedback. Six meetings have been scheduled in the diary until March 2022. Since the last meeting, participants asked about the PRA's ambitions in the reporting reform – focus is on data accuracy and quality, as well as making better use of it. This also includes removing reporting that is largely unused. The PRA has not ruled out the possibility of a Phase 3.

There was concern expressed from an attendee from one insurance firm as he considered the reporting burden very large already. The PRA explained that its purpose wasn't just the size of the reporting burden. However, overall, there is an expectation that there will be a reduction in the net reporting burden. The concerns were specifically on certain templates from the November meeting. The PRA replied that those templates were not top priority.

The Association of British Insurers (ABI) noted that around 140 templates were used in PRA reporting (including National Specific Templates (NSTs), IMOs etc). They wanted to ensure that all the templates were on the table for this engagement group. The PRA responded that this was why the PRA had asked ABI/industry to send the list of templates that were considered high priority.

The ABI insisted that it would be useful to start with a complete list so that they can have the opportunity to comment on all of them.

2. **Updated Terms of Reference (ToR) and transparency**

The PRA explained that pre-consultation industry engagement was rather unusual, but the PRA was hoping to make the process open and effective. However, this could be risky as the participants could be perceived as having an unfair advantage. The PRA team have spoken to legal colleagues and are going to work through the ToR and bring it back to the industry engagement group. The following needs to be addressed:

- Clearly capture the rationale of speaking to the industry
- Composition of the group: ABI and non-ABI members
- Limitations of this group: the PRA is the decision-maker
- The PRA might need to publish some materials around the group, including the list of participants, agenda etc.

The PRA team will look to share the updated ToR as soon as possible.

3. **Planned approach and timelines**

- The PRA presented the planned themes of the next meetings and welcomed feedback on this by the end of the week. There will also be a separate Lloyd's engagement.
- The ABI said they would like to see the scope being larger than just the Quantitative Reporting Templates (QRTs), suggesting that reporting deadlines, frequency, use of waivers, and look-through would be useful to consider. The PRA responded that they have tried to include this in the meetings.

4. **First group of templates for discussion** ABC
01/01/2022
- The PRA presented its proposals for certain specific templates including amendments, in-template deletions, simplifications and consolidation. There was general agreement from the group in addition to the following points.
- One attendee queried the inclusion of IFRS line items in a particular template. The PRA responded that was not within the scope of this review.
 - A question was asked regarding the consequent effect of changes in one template on other templates. The PRA responded that this had been considered and was not an issue.
 - Duplication was addressed and the PRA responded that this matter was under review.
 - It was suggested that one template could become part of the Solvency and Financial Condition Report (SFCR), and the PRA said that it would consider this matter.
 - It was noted that one template currently only relates to solo entities and a question was asked regarding whether its application should be extended to group entities. The PRA said that it would consider this matter.
 - A question was asked about frequency of reporting and the PRA responded that, although some items were not being discussed within the engagement group, this did not necessarily mean that the PRA was not considering them.
- Specific template 1.
- An industry attendee asked about using the IFRS line items in the template. The PRA responded that was not within the scope of this review.
- Industry asked to what extent the suggested changes to the reporting of certain areas would affect this template. The PRA answered that it wouldn't. Industry asked whether this would be duplication. The PRA was not concerned about duplication since this template is

quarterly and is a very important template. The PRA said that a particular sub-template is not being reviewed currently as the policy team is separately reviewing the risk margin (RM), Matching Adjustment (MA), and Transitional Measure on Technical Provisions (TMTP). This template will be reviewed after the policy work is done.

Specific template series 2.

Proposals were illustrated and there is a scope to reduce the templates as not all the data is needed. There might be scope to condense the data into a single template.

Specific template 3.

There is duplication with another template. The proposal is to remove the duplication and rely on one template only for some of the data.

Industry commented that the template is proposed to be cancelled, but at the last meeting it was said it was going to continue. A further question related to solo versus group. The PRA responded that it was talking about the solo templates.

Industry supports the idea of reducing the number of templates and does not support the line of business breakdown by the method proposed, as it made completion more burdensome.

One industry representative questioned whether a specific template was part of the Solvency and Financial Condition Report (SFCR). The PRA said it would take this matter offline.

A different industry representative noted that this template is only for solo firms and asked whether it should also apply to groups? The PRA said it would take this matter offline.

The PRA explained it was proposing the removal of certain rows from one of the sub-templates and intends to use the format of another to collect other data. It added that changing of some template nomenclature may be simplest to align with other templates that are already currently subject to disclosure. It added that National Specific Templates (NST)s are not disclosed. Further, a simplified version of this template could apply for groups.

Specific template 4.

Industry asked whether all the fields in this template have been checked to make sure they are useful. The PRA replied that this hasn't been done and this was why the PRA also requested feedback from the industry.

Industry further commented that the group was looking at details rather than the whole thing which could make it quite inefficient. The PRA explained that it was focusing on things that could be fixed in important templates. The ABI added that in case of this template, frequency, and source of data could be discussed. The PRA responded that it wasn't in its scope to review frequency as this template was used by others in the PRA.

The PRA added that this was a broader question regarding what should be taken to this forum and what was the best way of using the time of the forum? In addition, if things are not being discussed at this group, it doesn't mean that the PRA isn't looking at it.

Specific template 5.

The PRA said that this can be reduced in size.

Specific template 6.

The PRA said that this could be deleted. The PRA also noted that it is considering whether it needs to require the reporting of certain cash flows in this template

Specific template 7.

The PRA stated that this template can be reduced and simplified.

To conclude, the PRA suggested a big picture discussion could be scheduled, perhaps in the next meeting. The ABI agreed to respond to the PRA within a week suggesting priorities which it believed would be good topics for the next meeting.

The PRA asked for feedback and any ideas to be shared before the next meeting.