

P25/15 Solvency II: Reporting and public disclosure – options provided to supervisory authorities

In August 2015, the Prudential Regulatory Authority (PRA) published consultation paper CP25/15 on reporting and public disclosure.

One of a number of consultation papers released by the PRS this summer setting out their expectations on firms compliance with Solvency II standards

The European Insurance and Occupational Pensions Authority (EIOPA) have released Implementing Technical Standards (ITS) for Solvency II supervisory reporting and Solvency II public disclosure. These standards allow supervisory authorities to specify different approaches for certain aspects of the standards.

The consultation paper seeks feedback on the draft supervisory statement which sets out the PRA's expectations of how firms are to comply with the standards when options are provided to supervisory authorities in the areas discussed below.

We have summarised the PRA's expectations below:

AREA	PRA EXPECTATIONS
Solvency II reporting currency	Use the same as financial statements (for group reporting use the same as the consolidated financial statements).
Exchange rates	Use the same as financial statements (for group reporting use the same as the consolidated financial statements).
Accident or underwriting year reporting	<p>Firms have the choice of whether to report by accident or underwriting year.</p> <p>The choice should be consistent with how the firm manages its business and reports data internally.</p> <p>Once a choice is made, the firm should maintain the choice for future reporting periods.</p>
Claim size brackets for loss distribution risk profile	<p>The PRA have provided options based on reporting currency.</p> <p>Firms should select the claim size brackets to provide the best insight into the distribution of the claims incurred for the line of business.</p>
Sum insured size brackets for non-life distribution of underwriting risks by sum insured	<p>The PRA have provided options based on reporting currency.</p> <p>Firms should select the sum insured brackets to provide the best insight into the distribution of the sums insured for the lines of business.</p>

Barnett
Waddingham
have designed
SIIMPLIFY – a Pillar
to Pillar solution
to make capital
calculations and
reporting for
Solvency II easier



Lines of business to be reported for non-life distribution of underwriting risks by sum insured

Firms are expected to report for each of the following lines of business:

- other motor insurance
- marine, aviation and transport insurance
- fire and other damage to property insurance
- credit and suretyship insurance
- motor vehicle liability insurance
- general liability insurance
- medical expenses insurance
- income protection insurance
- worker's compensation insurance
- miscellaneous financial loss
- legal expenses insurance
- assistance

Reporting of annuities stemming from non-life obligations by currency

Firms are expected to report in the original currency of the contracts.

Development of the distribution of reported but not settled (RBNS) claims - reporting number of claims

Firms are expected to use their own definition for number of claims.

Where a contract covers multiple lines of business and a firm has allocated the obligations to the appropriate lines of business, the definition of number of claims should be consistent.

The gross RBNS or gross payments made to date should have a corresponding claim count for that line of business.

Reporting external credit ratings

In specific circumstances, the standards allow supervisory authorities to exempt a firm from reporting external credit ratings.

The PRA does not envisage exempting UK firms from external ratings reporting.

Group reporting where the PRA is the group supervisor and there are no consolidated financial statements at the head of the insurance or reinsurance group

The PRA recognises that consolidated financial statements are not always produced at the same level at which the PRA exercises group supervision under Solvency II.

Firms are expected to identify which templates may be impacted by not having consolidated financial statements and discuss with their usual supervisory contact.

Firms are expected to consider the impact on the Solvency and Financial Condition Report and the Regular Supervisory Report

Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively contact Cherry Chan via the following:

✉ cherry.chan@barnett-waddingham.co.uk

☎ 020 7776 2200

🖱 www.barnett-waddingham.co.uk



Barnett Waddingham LLP is a body corporate with members to whom we refer as “partners”. A list of members can be inspected at the registered office. Barnett Waddingham LLP (OC307678), BW SIPP LLP (OC322417), and Barnett Waddingham Actuaries and Consultants Limited (06498431) are registered in England and Wales with their registered office at Cheapside House, 138 Cheapside, London EC2V 6BW. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities. BW SIPP LLP is authorised and regulated by the Financial Conduct Authority. Barnett Waddingham Actuaries and Consultants Limited is licensed by the Institute and Faculty of Actuaries in respect of a range of investment business activities.