



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

Consultation Paper | CP11/18

# Solvency II: Changes to reporting format

April 2018

Prudential Regulation Authority  
20 Moorgate  
London EC2R 6DA



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April 2018

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Responses are requested by Friday 1 June 2018.

**Please address any comments or enquiries to:**

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## Contents

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<b>1</b>	<b>Overview</b>	<b>5</b>
<b>2</b>	<b>Proposals</b>	<b>6</b>
<b>3</b>	<b>The PRA's statutory obligations</b>	<b>7</b>
	<b>Appendices</b>	<b>9</b>



## 1 Overview

1.1 In this consultation paper (CP), the Prudential Regulation Authority (PRA) proposes changes to the file type and reporting format for a number of regular insurance reporting submissions in order to align with Solvency II Quantitative Reporting Templates and international data standards.

1.2 The CP details the proposals to potentially change the reporting format from Microsoft Excel workbooks to XBRL (eXtensible Business Reporting Language) standards for:

- National Specific Templates (NSTs);
- internal model outputs (IMO);
- market risk sensitivities (MRS); and
- standard formula reporting for firms with an approved internal model (model drift).

1.3 The PRA does not propose changes to the underlying content of the above reports. The PRA is consulting separately on the content of NSTs in CP2/18 'Changes in insurance reporting requirements'<sup>1</sup> and IMO in CP10/18 'Solvency II: Updates to internal model outputs reporting'.<sup>2</sup>

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

1.5 In Policy Statement (PS) 2/15 'Solvency II: a new regime for insurers',<sup>3</sup> the PRA published NSTs and accompanying LOG files. The templates are currently published in Excel format. In paragraph 12.13, the PRA said it expected to consult on moving to XBRL reporting and would consult on any change in reporting format.

### Responses and next steps

1.6 The PRA considers that a shorter consultation period is justified in light of the:

- relatively minor nature of the changes;
- fact that firms are already using XBRL for the reporting of data under Solvency II, and should therefore be familiar with the likely impact of the changes; and
- benefit in providing firms with a longer period to implement the proposed changes for end-2018 reporting if they are adopted following consultation.

1.7 This consultation therefore closes on Friday 1 June 2018. The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to CP11\_18@bankofengland.co.uk.

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1 January 2018: [www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements](http://www.bankofengland.co.uk/prudential-regulation/publication/2018/changes-in-insurance-reporting-requirements).

2 April 2018: [www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-ii-updates-to-internal-model-output-reporting](http://www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-ii-updates-to-internal-model-output-reporting).

3 March 2015: [www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency-2-a-new-regime-for-insurers](http://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency-2-a-new-regime-for-insurers).

1.8 The PRA proposes that the change in formatting for insurance reporting submissions subject to this CP would apply from 31 December 2018 for financial year-end 2018 onwards.

## 2 Proposals

2.1 The PRA proposes to standardise the delivery of supervisory data using international data standards for the reporting of financial, risk and supervisory information, ie XBRL, which is already used for the reporting of data under Solvency II. XBRL significantly improves the transparency, consistency and quality of the data submitted and any potential analyses.

2.2 If implemented, the changes would apply to submissions relating to financial year-end 2018 onwards, implemented from 31 December 2018.

2.3 The PRA will provide the relevant technical artefacts needed to submit in XBRL in a manner consistent with Solvency II reporting. The Public Drafts will be available on the Regulatory Reporting pages of the Bank's website when the final policy is published.<sup>1</sup>

### National Specific Templates

2.4 The PRA proposes to update the Reporting Part of the PRA Rulebook to remove the requirement for firms to submit NSTs using the prescribed Excel workbook. In line with Solvency II reporting, if the proposals are implemented, the PRA would expect firms to submit NSTs fully in XBRL via the Bank of England Electronic Data Submission (BEEDS) portal.

### Internal model outputs

2.5 The PRA proposes to update its expectations in Supervisory Statement (SS) 25/15 'Solvency II: regulatory reporting, internal model outputs'<sup>2</sup> paragraph 2.2 and associated appendices, and SS26/15 'Solvency II: ORSA and the ultimate time horizon – non-life firms'<sup>3</sup> paragraphs 1.7-1.8 and associated appendices, in relation to the submission and format of internal model outputs and ultimate time horizon outputs respectively.

### Market risk sensitivities

2.6 The PRA proposes to update its expectations in SS7/17 'Solvency II: Data collection of market risk sensitivities'<sup>4</sup> paragraphs 4.2-4.3 and associated appendices, in relation to the format of submission of market risk sensitivities.

### Standard formula reporting for approved internal model firms

2.7 The PRA proposes to update its expectations in SS15/16 'Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model'<sup>5</sup> paragraph 3.6 and associated appendices, in relation to the format of submission of standard formula reporting for approved internal model firms.

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1 [www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector](http://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector).

2 February 2017: [www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-regulatory-reporting-internal-model-outputs-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-regulatory-reporting-internal-model-outputs-ss).

3 February 2017: [www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-orsa-and-the-ultimate-time-horizon-non-life-firms-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-orsa-and-the-ultimate-time-horizon-non-life-firms-ss).

4 October 2017: [www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency-2-data-collection-of-market-risk-sensitivities-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency-2-data-collection-of-market-risk-sensitivities-ss).

5 October 2016: [www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency2-monitoring-model-drift-and-standard-formula-scr-reporting-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency2-monitoring-model-drift-and-standard-formula-scr-reporting-ss).



### 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)<sup>1</sup> 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,<sup>2</sup> insurance objective<sup>3</sup> (if applicable), and secondary competition objective;<sup>4</sup>
- 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;<sup>5</sup> and
- a statement as to whether the impact of the proposed rules will be significantly different to mutuals than to other persons.<sup>6</sup>

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

3.4 The PRA is also required by the Equality Act 2010<sup>8</sup> 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 From its correspondence with firms in the context of consultation and otherwise, the PRA understands that firms are familiar with the format and systems required in order to submit full XBRL reporting. However, the proposals may impose additional costs for some firms as they make necessary system changes in order to accommodate the new format and structure.

3.6 The PRA has discussed its proposals with a number of firms, of different sizes, and with industry associations. Their feedback suggests that any potential incremental costs associated with implementing the proposed changes are minimal.

3.7 The proposals to move towards an XBRL solution for submitting various regulatory reporting do not impose additional data requirements, but seek to improve the data quality, consistency and transparency of information submitted to the PRA.

#### Compatibility with the PRA's objectives

3.8 The proposals in this CP seek to advance its statutory objectives of ensuring the safety and soundness of the firms it regulates, and contributing to securing an appropriate degree of

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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.

protection for policyholders, by improving the transparency, consistency and quality of the data submitted and any potential analyses.

3.9 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-authorized persons in carrying out regulated activities. The proposals are not expected to have a material effect on competition.

### **Regulatory principles**

3.10 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. Two 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 considers moving to a single, consistent format for regular regulatory reporting submissions from multiple formats should reduce the burden on firms in the medium to longer term; and
- need to use the resources of each regulator in the most efficient and economical way. The PRA's proposed approach to reporting will allow for an efficient allocation of supervisory, statistical and IT resource.

### **Impact on mutuals**

3.11 The proposals in this CP will affect mutuals. In the PRA's opinion, the impact of the proposed rule changes on mutuals is expected to be no different to the impact on other firms.

### **HM Treasury recommendation letter**

3.12 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.<sup>1</sup>

3.13 The aspect of the Government's economic policy most relevant to the proposals in this CP is competition. This has been considered in the 'compatibility with the PRA's objectives' and 'regulatory principles' sections above.

### **Equality and diversity**

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

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<sup>1</sup> 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](http://www.bankofengland.co.uk/about/people/prudential-regulation-committee).

## Appendices

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

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  - 2 Updates to SS25/15 ‘Solvency II: regulatory reporting, internal model outputs’**

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  - 3 Updates to S26/15 ‘Solvency II: ORSA and the ultimate time horizon – non-life firms’**

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  - 4 Updates to SS7/17 ‘Solvency II: Data collection of market risk sensitivities’**

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  - 5 Updates to SS15/16 ‘Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model’**

## **Appendix 1: Draft Reporting Instrument – Reporting, National Specific Templates**

### **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 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
- 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.

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#### **8 NATIONAL SPECIFIC TEMPLATES**

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- 8.1 NS.01 can be found [here], ~~to be completed in the workbook found [here].~~
- 8.2 NS.02 can be found [here], ~~to be completed in the workbook found [here].~~
- 8.3 NS.03 can be found [here], ~~to be completed in the workbook found [here].~~
- 8.4 NS.04 can be found [here], ~~to be completed in the workbook found [here].~~
- 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].~~
- 8.8 NS.08 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].~~
- 8.12 NS.12 can be found [here], ~~to be completed in the workbook found [here].~~
- 8.13 NS.13 can be found [here], ~~to be completed in the workbook found [here].~~

## Appendix 2: Updates to SS25/15 ‘Solvency II: regulatory reporting, internal model outputs’

In this Appendix, new text is underlined and deleted text is struck through. The links to the relevant templates and LOG files will also be updated.

...

### 4 Reporting internal model outputs

2.1 The PRA expects firms using an approved internal or partial internal model to calculate their SCR to report the internal model outputs via XBRL using the relevant templates and technical architecture documentation provided in the Appendices. The templates capture selected percentiles of the probability distributions for specified variables (eg risk drivers and lines of business) as well as some information (eg correlation factors) relevant for the PRA to monitor internal models. These should be submitted at the same time firms submit their annual quantitative reporting templates in accordance with the rules for deadlines set out in rules 2.10 to 2.15 of the Reporting Part of the PRA Rulebook, via BEEDS. Firms using an approved partial internal model should only complete the parts of the templates relevant to the scope of their partial internal model.

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### Appendix 1 -Related template, technical architecture documentation and LOG files for SS25/15

Template number	Template name	Template and LOG file link
IM.01	Internal model risk outputs (life)	[Life internal model risk outputs annotated template [this link will be published alongside the final policy] Life internal model risk outputs log file: <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im01-log.pdf">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im01-log.pdf</a>
IM.02	Internal model counterparty risk	Life internal model counterparty risk template: [this link will be published alongside the final policy] Life internal model counterparty risk log file: <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im02-log.pdf">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im02-log.pdf</a>
IM.03.01 – IM.03.11	Internal model outputs (non-life)	Non-life internal model outputs templates: [this link will be published alongside final policy] Non-life internal model outputs log file: <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-log.pdf">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-log.pdf</a> (Please note: <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-template.xlsx">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-template.xlsx</a> and <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im02-log.pdf">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im02-log.pdf</a> include the templates, and instructions for the templates, expected in Supervisory Statement 26/15.) [links will be updated alongside final policy]

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## Appendix 3: Updates to S26/15 ‘Solvency II: ORSA and the ultimate time horizon – non-life firms’

In this Appendix, new text is underlined and deleted text is struck through. The links to the relevant templates and LOG files will also be updated.

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### Templates and instructions

1.7 (e) submit the ~~templates in electronic format Excel files~~ information in XBRL via the Bank of England Electronic Data Submission (BEEDS) portal.

...

## Appendix 1 -Related template, technical architecture documentation and LOG files for SS26/15

Template number	Template name	Template and LOG file link
IM.03.01, MO.02.02 – MO.03.06 MO.03.08 – MO.03.10, IM.03.11	ORSA ultimate time horizon model outputs (non-life)	Non-life internal model outputs templates: [this link will be published alongside the final policy] Non-life internal model outputs log file: <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-log.pdf">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-log.pdf</a> (Please note: <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-template.xlsx">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im03-mo03-template.xlsx</a> and <a href="http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im02-log.pdf">www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/im02-log.pdf</a> include the templates, and instructions for the templates, expected in Supervisory Statement 26/15.)

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## Appendix 4: Updates to SS7/17 'Solvency II: Data collection of market risk sensitivities'

In this Appendix, new text is underlined and deleted text is struck through. The links to the relevant templates and LOG files will also be updated.

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### 4 Timescales and format

4.3 The PRA expects the information to be reported ~~in the form of an Excel spreadsheet to be submitted to the firm's usual supervisory contact, in XBRL via the Bank of England's Electronic Data Submission (BEEDS) portal,~~ consistent with the process for Solvency II submission of information. Links to the template, technical artefacts and instructions are included in the appendices.

...



## **Appendix 5: Updates to SS15/16 ‘Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model’**

In this Appendix, new text is underlined and deleted text is struck through. The links to the relevant templates and LOG files will also be updated.

...

### **3 Reporting the standard formula SCR**

3.6 In addition, the PRA expects firms using an approved internal model to calculate their solo SCR to report privately the results of their standard formula SCR calculation using the XBRL-enabled Excel file provided in a link within the appendix or fully in XBRL (link to the technical artefacts ~~also~~ included within the appendix).

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