

Bank of England

Prudential Regulation Authority

Minutes

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

1 March 2022

Location: **Teams Call**

Attendees: **Members of the PRA**

Representatives of the following insurance firms and trade bodies:

ABI

Aviva

AXA XL

BUPA

Foresters

IUA/LMG

Just

Lloyd's

M&G

Phoenix

Rothesay

Royal London

RSA

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

Direct Line

Minute **Minute**
No.

1. Derivatives

The PRA's main focus is to understand which parts of one specific template are the most burdensome and it welcomed the industry's comments on this.

The ABI flagged that this template is quite onerous. The ABI invited attention to data availability within EMIR and commented that one of the purposes of the group is for the PRA to get data externally rather than by using the current supervisory collection methods.

The PRA explained it had looked through EMIR in the early days, when data quality wasn't good, and is planning to review EMIR again. If there are particular fields that are more onerous to complete and, if industry believes that the form and/or the frequency of reporting could be addressed, then feedback would be welcome. The PRA flagged that EMIR is a Financial Conduct Authority (FCA) database and we may need to take advice regarding the possibility of sharing it with the industry.

One industry representative agreed that they would appreciate not completing this template and asked about the possibility of reporting aggregated data. The PRA could see a possibility of having more aggregated data on the hedging side, but overall having line-by-line data is useful. The industry representative further asked about defining hedging in this context, The PRA agreed that it would need to be well-defined.

The industry also asked about the instructions and explained that they sometimes struggle with this, and stated that they felt it would be good to tidy them up. They also mentioned that certain other detailed fields didn't have much obvious use. The PRA explained that the detailed data may be used in its modelling and would therefore still be valuable.

The ABI mentioned the future of finance project and a specific form on the banking side as this also focused on simplifying instructions and asked if the PRA could consider talking with them. The PRA agreed.

2. **Non-life reinsurance (continued from 24 February 2022)**

Life-focused participants were invited to leave the meeting, as the topic is non-life.

The PRA presented the slides and noted that the feedback from the meeting of the 18 November 2021 had been considered. There are proposals for removing 3 forms and removing a number of columns (approximately 50% reduction across the General Insurance Reinsurance reporting). The removal of templates may mean that more detail would be required in other templates.

One industry representative stated that on the treaty side, the proposals are generally welcome, along with the clarified instructions. On the facultative (fac) reinsurance side, the actual burden may not be significantly reduced as all of the fac data would need to be aggregated. The PRA welcomed more detailed feedback. The ABI asked whether the lack of complete information on fac has caused supervisory issues. The PRA replied that for some firms, it is missing depth, and doesn't currently have a complete view of each firm's overall reliance on facultative reinsurance protections.

On one specific template, the same industry representative commented that this was really challenging to complete. The additional data required would add granularity. Actuaries do not reserve by reinsurers. Some of this data may not be available and is very onerous. The PRA noted the comments regarding reporting on an actuarial basis and will consider this alternative basis further. The PRA outlined that the additional information outlined would provide the PRA with an insight into the level of reinsurance risk each firm is exposed to, which it can't achieve with the current data. The PRA advised that it would welcome suggestions from the industry on alternative approaches to achieve this view of risk. The PRA explained that it needs to have a view of the overall industry and exposure to individual reinsurers.

The ABI asked for clarification on the Own Risk and Solvency Assessment (ORSA), The PRA explained that this was just from the outwards reinsurance point of view. The five headlines in the slides presented at the meeting should cover the non-life reinsurance topics within the ORSA. The ABI further asked if there's more work ongoing on ORSA. The PRA clarified that it is not planning proposals on ORSA.

It was agreed to add the Master template document as an agenda item for the next meeting.

3. **AOB**
None