

Supervisory Statement | SS36/15

# Solvency II: life insurance product reporting codes

March 2018

(Updating August 2015)



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## 1 Introduction

1.1 This supervisory statement is addressed to all UK insurance firms within the scope of Solvency II, and to the Society of Lloyd's, that carry out life insurance business or have annuities stemming from non-life insurance business. Amendments to this statement since its publication in August 2015 are set out in the Annex.

1.2 The Solvency II supervisory reporting Implementing Technical Standards expects firms to use a defined list of product codes where attributed by the supervisory authority in the instructions to the template S.14.01.01 Life Obligations Analysis (S.14.01).

## 2 Codes for firms that carry out life insurance business or have annuities stemming from non-life insurance business

2.1 This supervisory statement sets out how the Prudential Regulation Authority (PRA) expects firms to submit information in annual reporting QRT S.14.01 using life product reporting codes. The Appendix lists the codes which the PRA expects firms to use.

2.2 In these product codes the third digit of the code is used to distinguish varieties of the same product. This separates conventional and unitised with-profit, unit-linked and index-linked as well as retaining data for industrial branch business.

2.3 Miscellaneous codes have only been assigned for protection business where there are minor products that do not fit into the named codes. A firm may use code 624 (miscellaneous protection non-profit) for any non-profit protection business if the amount of that business is not material. For the other main categories the product codes are intended to be sufficiently generic to cover all the products within that main category.

## 3 The PRA's expectations relating to instructions for templates S.14.01

3.1 To achieve consistency of reporting between firms the PRA sets out in this section how it expects firms to interpret the instructions to the template S.14.01.

3.2 Where firms show the number of contracts in C0040 and C0050 the PRA expects firms to count multiple policies issued as part of the same premium, identifiable increments and rider benefits as being a single contract. Where firms report unbundled products across multiple rows and using different Product ID codes the Implementing Technical Standards (ITS) instructions for C0040 and C0050 are directly applicable.

3.3 Deleted.

3.4 For products which are reported with a 'collective' classification in C0100 the number of contracts to be reported in C0040 and C0050 is the number of members of the scheme where this is known to the firm.

3.5 Where a product has been written in both single life and joint life form the product classification in C0100 is '5 – other'.

3.6 Where at least one version of a product is available to new policyholders it should be shown in C0130 as '1'. C0130 is '2' for run-off which includes products only available as new business due to options. The PRA does not expect firms to report at a lower level of

granularity than the product codes. This will avoid the need for firms to seek historic information on product brand names.

3.7 Where premiums cease for a regular premium product the contract C0140 should continue to be reported as '1 – Regular premiums'. Where a product allows a flexible combination of regular and single premiums C0140 should be reported as '4 - Other'.

3.8 The PRA expects that the first three characters of the homogeneous risk group in C0170 and C0230 will be one of the three digit codes in the Appendix. The PRA expects that the fourth character of the homogeneous risk group will be D for direct business or R for reinsurance accepted. Homogeneous risk groups should only cover a single product code as indicated by the first three characters in C0170 and C0230.

3.9 Firms should use an approximation to apportion between product codes where parts of the technical provisions are calculated for a combination of products (eg with-profits guarantee costs) or if there is uncertainty as to which product code applies.

3.10 The PRA does not expect that the guidance in this SS on the reporting of homogeneous risk groups would impact the calculation of the Transitional Measures on Technical Provisions.

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## Appendix

### List of life insurance product reporting codes

This appendix sets out how the PRA expects firms to derive the data item 'product ID code' C0010 in template S.14.01 as a 3 character string.

| PRA Solvency II product codes  | Description   |
|--------------------------------|---|
| <b>Savings and investments</b> |   |
| 100                            | Whole of life OB CWP                                |
| 101                            | Whole of life OB UWP                                |
| 102                            | Whole of life OB UL                                 |
| 104                            | Whole of life OB NP                                 |
| 105                            | Whole of life IB CWP                                |
| 106                            | Whole of life IB NP                                 |
| 111                            | Single premium bond UWP                             |
| 112                            | Single premium bond UL                              |
| 113                            | Single premium bond IL                              |
| 114                            | Single premium bond NP                              |
| 120                            | Endowment OB CWP                                    |
| 121                            | Endowment OB UWP                                    |
| 122                            | Endowment OB UL                                     |
| 124                            | Endowment OB NP                                     |
| 125                            | Endowment IB CWP                                    |
| 126                            | Endowment IB NP                                     |
| 131                            | Investment only reinsurance UWP                     |
| 132                            | Investment only reinsurance UL                      |
|                                |   |
| <b>Individual pensions</b>     |   |
| 200                            | Individual defined contribution pensions CWP        |
| 201                            | Individual defined contribution pensions UWP        |
| 202                            | Individual defined contribution pensions UL         |
| 204                            | Individual defined contribution pensions NP         |
| 210                            | Workplace defined contribution pensions CWP         |
| 211                            | Workplace defined contribution pensions UWP         |
| 212                            | Workplace defined contribution pensions UL          |
| 214                            | Workplace defined contribution pensions NP          |
| 221                            | Income drawdown UWP                                 |
| 222                            | Income drawdown UL                                  |
| 224                            | Income drawdown NP                                  |
| 231                            | Individual pensions investment only reinsurance UWP |
| 232                            | Individual pensions investment only reinsurance UL  |
|                                |   |
| <b>Corporate pensions</b>      |   |
| 300                            | Corporate defined benefit pensions CWP              |
| 301                            | Corporate defined benefit pensions UWP              |
| 302                            | Corporate defined benefit pensions UL               |
| 304                            | Corporate defined benefit pensions NP               |
| 310                            | Corporate defined contribution pensions WP          |
| 311                            | Corporate defined contribution pensions UWP         |
| 312                            | Corporate defined contribution pensions UL          |
| 314                            | Corporate defined contribution pensions NP          |
| 321                            | Corporate pensions investment only reinsurance UWP  |
| 322                            | Corporate pensions investment only reinsurance UL   |
|                                |   |
|                                |   |

| <b>PRA Solvency II product codes</b> | <b>Description</b>                                 |
|--------------------------------------|--|
| <b>Protection</b>                    |  |
| 404                                  | Level term regular premium                         |
| 414                                  | Level term single premium                          |
| 424                                  | Decreasing term regular premium                    |
| 434                                  | Decreasing term single premium                     |
| 444                                  | Accelerated critical illness (guaranteed premiums) |
| 454                                  | Accelerated critical illness (reviewable premiums) |
| 464                                  | Stand-alone critical illness (guaranteed premiums) |
| 474                                  | Stand-alone critical illness (reviewable premiums) |
| 480                                  | Income protection CWP                              |
| 481                                  | Income protection Holloway accounts UWP            |
| 494                                  | Income protection (guaranteed premiums)            |
| 504                                  | Income protection (reviewable premiums)            |
| 514                                  | Income protection single premium                   |
| 524                                  | Income protection claims in payment                |
| 534                                  | Group life   |
| 544                                  | Group death in service dependants' annuities       |
| 554                                  | Collective life                                    |
| 564                                  | Group income protection                            |
| 574                                  | Group income protection claims in payment          |
| 584                                  | Group critical illness                             |
| 594                                  | Risk premium mortality reinsurance                 |
| 604                                  | Risk premium critical illness reinsurance          |
| 614                                  | Risk premium income protection reinsurance         |
| 620                                  | Miscellaneous protection CWP                       |
| 621                                  | Miscellaneous protection UWP                       |
| 622                                  | Miscellaneous protection UL                        |
| 624                                  | Miscellaneous protection NP                        |
|                                      |  |
| <b>Annuities</b>                     |  |
| 700                                  | Purchased life annuity WP                          |
| 704                                  | Purchased life annuity NP                          |
| 710                                  | Individual deferred annuity WP                     |
| 714                                  | Individual deferred annuity NP                     |
| 720                                  | Individual pension annuity WP                      |
| 722                                  | Individual pension annuity UL                      |
| 724                                  | Individual pension annuity NP                      |
| 734                                  | Individual enhanced pension annuity NP             |
| 740                                  | Bulk purchase deferred annuity WP                  |
| 744                                  | Bulk purchase deferred annuity NP                  |
| 754                                  | Bulk purchase pension annuity NP                   |
| 764                                  | Purchased temporary annuity NP                     |
| 774                                  | Pension temporary annuity NP                       |
| 784                                  | Annuity stemming from non-life                     |
| 794                                  | Longevity swap accepted                            |



## Notes on product categories

**Whole life and endowment** – regular premium business only – includes policies made ‘paid-up’ – excludes single premium bonds which are technically whole of life.

**Single premium bond** – includes ‘investment bond’ and ‘with-profits bond’.

**Individual defined contribution pensions** – pensions savings before retirement, excludes deferred annuity buyouts, but contract may be written as deferred annuity with-profits, endowment with-profits, UWP or UL. Individual means there is no employer involvement.

**Workplace defined contribution pensions** – covers ‘group pensions’ where the group is the employer and the insurer has a separate record for each employee covered, which may include employer contributions. The firm calculates liabilities at member level.

**Corporate pensions** – covers trust based pension arrangements where the insurer does not hold separate records for individual employees. The insurer normally just provides investment services, and the records of benefits are maintained by the trustees or another party. The firm calculates liabilities at scheme level.

**Miscellaneous protection** – these categories are for types of protection which do not fit within the named protection categories, e.g. long term care.

**Bulk purchase annuity** – this is for annuity liabilities arising from occupational pension schemes including where members hold individual policies after winding up of the scheme.

All reinsurance refers to reinsurance accepted. Reinsurance ceded is not reported in S.14.01.

## Abbreviations

- OB**    **Ordinary branch:** in the past this term was required to distinguish OB and IB policies.
- IB**    **Industrial branch:** business sold in the past where premiums were collected door to door. The policies are now either paid up or premiums are collected by direct debit.
- WP**    **With-profits:** a contract of long-term insurance which provides benefits through eligibility to participate in discretionary distributions based on profits arising from the firm's business or from a particular part of the firm's business
- CWP**    **Conventional with-profits:** the traditional style of with-profits, where the policy specifies the regular premium payable and the initial guaranteed benefit, to which reversionary (annual bonuses) are added.
- UWP**    **Unitised with-profits (includes accumulating with-profits):** the newer style of with-profits, where each premium is invested in units or to an account at the face value of the amount invested. This amount grows with ‘bonus’ and any further premiums.
- UL**    **Unit-linked:** the same as the legal term ‘property linked’ in the PRA annual returns.
- IL**    **Index-linked:** includes policies linked to a stock market index or the value of specific securities. It excludes RPI / CPI linked policies.
- NP**    **Non-profit:** all policies covered by the ‘Other’ Solvency II line of business and including life health business.

## Annex

### Updates to SS36/15

This annex outlines changes made to SS36/15 since its publication in August 2015.

#### March 2018

This SS was updated following publication of PS6/18 'Responses to OCP18/17',<sup>1</sup> specifically:

- (i) paragraph 1.2 has been amended to clarify that the SS relates to reporting of Solvency II QRT S.14.01.01;
- (ii) the addition of the allowance in paragraph 2.3 for firms to report immaterial non-profit protection business under product code 624;
- (iii) the expectation in paragraph 3.2 that firms report products that are unbundled in accordance with the requirements of the Implementing Technical Standards on Reporting following the 2017 amendments to these instructions;
- (iv) the deletion of paragraph 3.3 to avoid confusion with the 2017 amendments to the Implementing Technical Standards on Reporting which contain instructions for how to report the contract count for products that have already been unbundled;
- (v) the inclusion of paragraph 3.8 setting the expectation that firms report homogenous risk groups using the first three characters set out in the Appendix to the SS and that the homogenous risk group should accordingly cover a single product;
- (vi) the expectation in paragraph 3.8 that the fourth character of the homogenous risk group is labelled as either D or R to denote whether it relates to either direct business or reinsurance accepted respectively;
- (vii) the inclusion of paragraph 3.9 setting the expectation that firms should use an approximation to apportion between product codes where parts of the technical provisions are calculated for a combination of products; and
- (viii) the inclusion of paragraph 3.10 clarifying that the PRA does not expect that the guidance in the SS would impact the calculation of the Transitional Measures on Technical Provisions.

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<sup>1</sup> [www.bankofengland.co.uk/prudential-regulation/publication/2018/responses-to-cp-18-17-chapters-2-to-6-9-and-10](http://www.bankofengland.co.uk/prudential-regulation/publication/2018/responses-to-cp-18-17-chapters-2-to-6-9-and-10).