

Policy Statement | PS21/18

Solvency II: Changes to reporting format

July 2018



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PRUDENTIAL REGULATION
AUTHORITY





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Contents

1	Overview	3
2	Feedback to responses	4
	Appendices	5

1 Overview

1.1 This Prudential Regulation Authority (PRA) Policy Statement (PS) provides feedback to responses to Consultation Paper (CP) 11/18 ‘Solvency II: Changes to reporting format’.¹ It also contains the PRA’s final policy, as follows:

- amendments to the Reporting Part of the PRA Rulebook (Appendix 1);
- updated Supervisory Statement (SS) 25/15 ‘Solvency II: regulatory reporting, internal model outputs’² (Appendix 2);
- updated SS26/15 ‘Solvency II: ORSA and the ultimate time horizon – non-life firms’³ (Appendix 3);
- updated SS7/17 ‘Solvency II: Data collection of market risk sensitivities’⁴ (Appendix 4); and
- updated SS15/16 ‘Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model’⁵ (Appendix 5).

1.2 This PS is relevant to all UK Solvency II firms, and to the Society of Lloyd’s and its managing agents.

1.3 In CP11/18 the PRA proposed to 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).

Implementation

1.4 The PRA will release public working drafts and final versions of the relevant technical artefacts in the coming months. On Friday 29 June 2018, the PRA published a web update to provide indicative dates for the availability of the relevant materials required for implementation of the reporting changes.⁶

1.5 The changes to the reporting format will be effective for submissions of year-end 2018 information, from Monday 31 December 2018 onwards.

1.6 The policy contained in this PS has been designed in the context of the current UK and EU regulatory framework. The PRA will keep the policy under review to assess whether any

1 April 2018: www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-ii-changes-to-reporting-format.

2 www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-regulatory-reporting-internal-model-outputs-ss.

3 www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-orsa-and-the-ultimate-time-horizon-non-life-firms-ss.

4 www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency-2-data-collection-of-market-risk-sensitivities-ss.

5 www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency2-monitoring-model-drift-and-standard-formula-scr-reporting-ss.

6 www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-insurance-sector.

changes would be required due to changes in the UK regulatory framework, including changes arising once any new arrangements with the European Union take effect.

2 Feedback to responses

2.1 Before making any proposed rules, the PRA is required by the Financial Services and Markets Act 2000 (FSMA) to have regard to any representations made to it, and to publish an account, in general terms, of those representations and its response to them.¹

2.2 The PRA received one response to the CP. The feedback was generally supportive of the changes proposed, although it noted that firms should have sufficient time to update their software capabilities to enable submission via XBRL format.

Changes to reporting format

2.3 The feedback focused on the timing and availability of the required materials to submit the information for NSTs, IMO, MRS and model drift. This includes giving firms and vendors sufficient time to purchase and/or develop software capable of producing the templates in XBRL format and the time needed for testing.

2.4 On Friday 29 June 2018, the PRA published an update to outline the planned release of the required technical artefacts, including the new XBRL taxonomy. The PRA recognises the time required to develop and embed the changes required and therefore will be progressing the development of the material in line with the feedback received.

2.5 The respondent recommended that the PRA should allow a transition period, whereby firms could submit in Excel, consistent with the approach for the year-end 2017 submissions, or XBRL for the year-end 2018 reporting period, and adopt XBRL format only for submissions post year-end 2018 due to the timing and availability of materials.

2.6 The PRA considers that the benefits of moving to XBRL format, which include increased transparency, consistency, and data quality, would not be realised if firms could submit in both Excel and XBRL formats. Solvency II firms are already required to have the capability to submit harmonised Solvency II information via XBRL. The feedback highlighted the importance of having a robust system able to cope with the increase in XBRL submissions. Therefore there is no change to the proposals as outlined in the consultation.

2.7 The PRA will offer a complete user-acceptance testing window to ensure a robust system for accepting year-end 2018 submissions.

Updates to supervisory statements

2.8 No feedback was received directly related to the proposed wording in the following Ss:

- SS25/15 'Solvency II: regulatory reporting, internal model outputs';
- SS26/15 'Solvency II: ORSA and the ultimate time horizon – non-life firms';
- SS7/17 'Solvency II: Data collection of market risk sensitivities'; and
- SS15/16 'Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model'.

¹ Sections 138J(3); 2L; and 138J(4) of FSMA.

Appendices

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- 1 **PRA RULEBOOK: REPORTING PART AMENDMENT INSTRUMENT**, available at: www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-ii-changes-to-reporting-format

 - 2 **SS25/15 'Solvency II: regulatory reporting, internal model outputs'**, available at: www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-regulatory-reporting-internal-model-outputs-ss

 - 3 **SS26/15 'Solvency II: ORSA and the ultimate time horizon – non-life firms'**, available at: www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-orsa-and-the-ultimate-time-horizon-non-life-firms-ss

 - 4 **SS7/17 'Solvency II: Data collection of market risk sensitivities'**, available at: www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency2-data-collection-of-market-risk-sensitivities-ss

 - 5 **SS15/16 'Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model'**, available at: www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency2-monitoring-model-drift-and-standard-formula-scr-reporting-ss