



PRA Solvency II Regulatory Reporting Industry Working Group, 7 December 2016

Firm representative	Organisation and representing
Andrew Smith	XL Catlin, for ABI
Angus McLean	Baillie Gifford & Co, for ABI
Ben Terrett	UIA, for AFM
Elzbieta Woynowska	Aviva, for ABI
Jim Troy	Legal and General
Kim Harmer	E&Y for ILAG
Matthew Reed	Prudential, for ABI
Miki Palocsai	One Family, for AFM
Nick Lowe	IUA
Roni Ramdin	RSA, for ABI
Steve Dixon	Steve Dixon Associates, for AFM
Steven Findlay	ABI
Susan Wright	The Investment Association
Bank of England	Role
Lewis Webber - Chair	Head of Division, Insurance Data Analytics Division
Joanna Rose	Regulatory Data Group, Statistics and Regulatory Data Division
Beju Shah	Information Service Technology Division
Patrick Bradley	Analyst, Insurance Data Analytics Division
Alex Novitsky	Analyst, Insurance Data Analytics Division
Apologies	
Paul Appleton	Society of Lloyd's
Russell Worsley	Lancashire Group, for IUA
Martin Shaw	Association of Financial Mutuals
Mike Schofield	Assurant Solutions, for ABI
Darren Sait	JP Morgan for The Investment Association
Jane Tusar	Society of Lloyd's
Willem Van Der Westhuysen	Thomas Miller, for P&I Clubs
Rebecca Wyatt	Prudential, for ABI

These notes are intended as a record of the discussions held at the PRA on 7 December 2016. They are not verbatim minutes and, for the benefit of those organisations that are not members of the industry working group (IWG), they indicate the themes of the discussion and questions that were raised. The views expressed are those of IWG members and do not represent guidance from the PRA.

Firms seeking clarification on aspects of these notes, or wishing to raise questions regarding regulatory reporting for discussion at the IWG, should contact the appropriate industry representative in the first instance. If firms are not represented at the IWG by a member organisation, they should submit their question to:
PRA.FirmEnquiries@bankofengland.gsi.gov.uk.

Notes from the meeting on 7 December 2016 covering agenda items:

1. **Welcome from Chair, Lewis Webber**
 - Introduction
 - Update on progress since last IWG
2. **NSTs and BEEDS**
3. **Asset data**
4. **Update on reporting submissions**
5. **EIOPA and PRA's approach to data quality**
6. **Update on asset data matches**
7. **Homogeneous risk groups**
8. **Taxonomy 2.1**
9. **AOB**
10. **Items for 2017**

Key points

1. **Welcome from Chair, Lewis Webber**
 - Introduction and update on activity since previous meeting.
2. **NSTs and BEEDS**
 - **NSTs:** [Consultation Paper 40/16 'Solvency II: Reporting format of National Specific Templates and reporting clarifications'](#) was published 16 November
 - **BEEDS:** some technical issues experienced in November, which were quickly resolved. The PRA liaised closely with affected firms.

Q1: Is the target to have XBRL reporting in place for NSTs YE2107 reporting?

A1: The intention is to move to XBRL in due course, but there is currently no set target date.

Q2: When will the PRA publish the final NSTs paper?

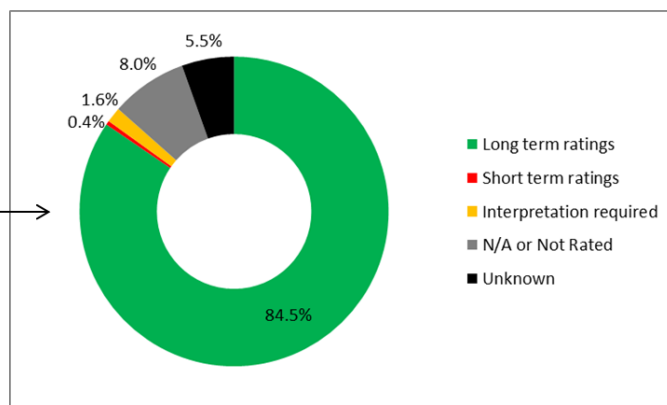
A2: [Policy Statement 38/16 'Solvency II: Reporting format of National Specific Templates and reporting clarifications'](#) was published on 19 December.

3. Asset data

3.1 Quality of external credit ratings – 2016 Q2

626,204 submitted
450,563 NULL
175,641 Not Null submissions

Long term ratings	84.5%
Short term ratings	0.4%
Interpretation required	1.6%
N/A or Not Rated	8.0%
Unknown	5.5%



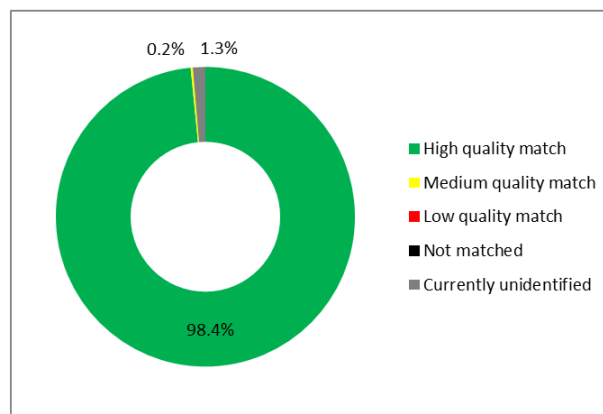
Next steps:

- Automate conversion into long term ratings where possible
- Set plausibility and validation framework for items reported as 'Null' and 'N/A'

3.2 Quality of unique reference numbers – 2016 Q2

626,204 submitted
617,760 matched 1st stage validation

	2014YE	2016Q2
High quality match	296354	624778
Medium quality match	3038	1423
Low quality match	59256	0
Not matched	2742	3



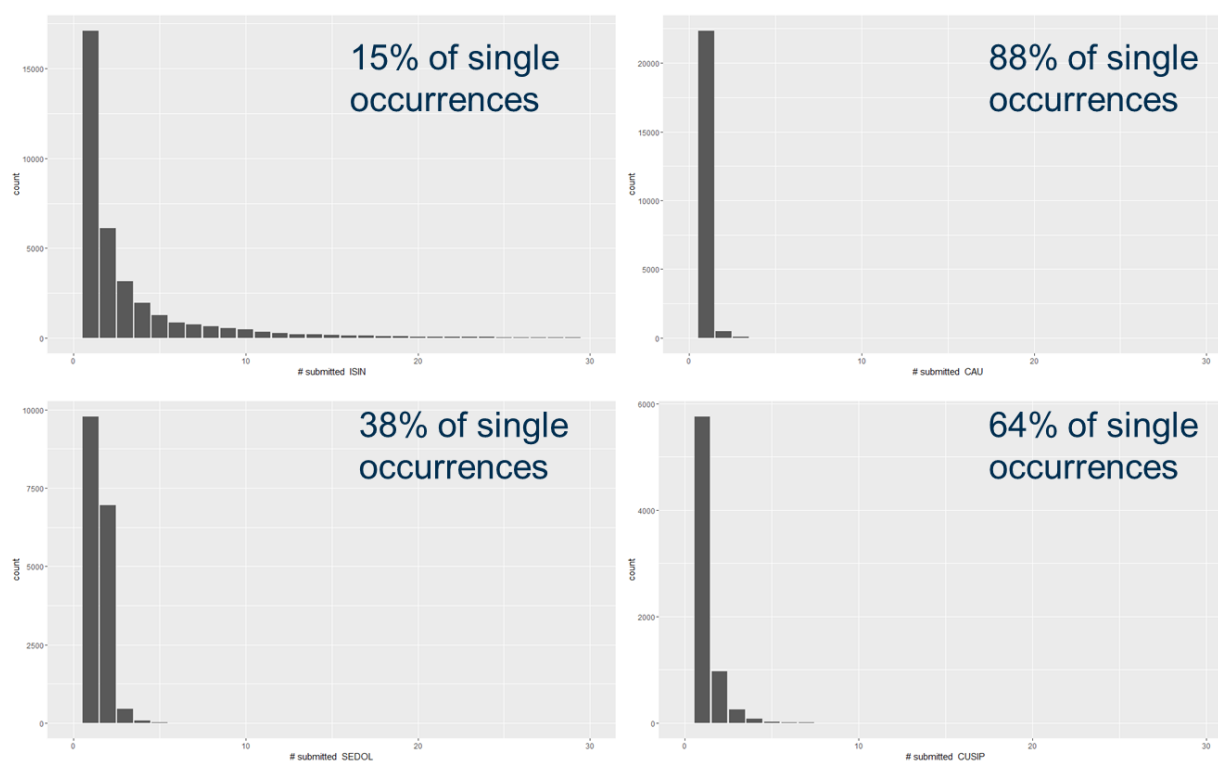
	pre-checksum	post-checksum	
CUSIP	32318	31088	-1230
ISIN	344969	340863	-4106
SEDOL	60990	65059	4069

Next steps:

- Explore unifying asset ID code standards (mapping), to aid comparability within and across firms.

3.3 Distribution of asset ID codes

(2016 Q2 SII data; no groups and no Lloyd's of London)



3.4 Selected data challenges identified from reporting so far

Data type	Challenges
Asset ID code	<ul style="list-style-type: none"> • Simplistic CAUs are not that unique • Some codes did not pass check-sum and could be wrong • Variety standards of Asset ID Codes provided, it makes it hard to refer data or map with other data sets
Issuer code (LEI)	<ul style="list-style-type: none"> • Not always provided even when available
Credit ratings	<ul style="list-style-type: none"> • External provided when Internal are available • Variety of standards including short-term ratings • Polluted by additional characters

CAU - Code attributed by the undertaking

Q3: Will the PRA be proportionate in its following-up on asset data quality?

A3: Yes, but there is still work to be done on asset data checks and the level of feedback will depend on the checks still to be completed. There may be issues not identified in the basic tests carried out so far.

Q4: Are the items listed in the table priority issues to be addressed by firms?

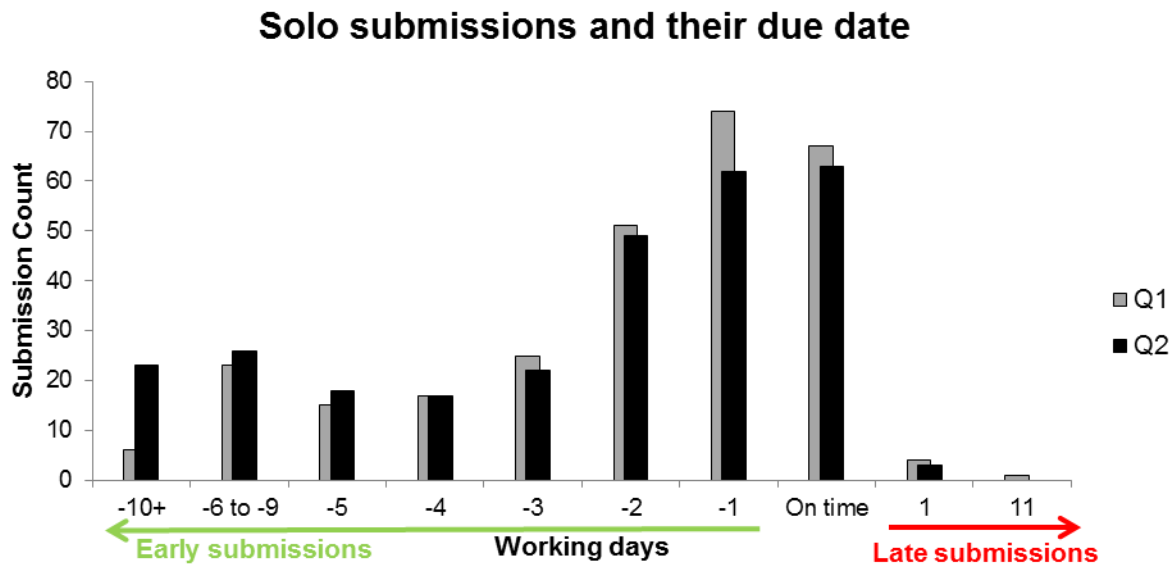
A4: No. These are a selection of data challenges identified by the PRA from reporting so far. Feedback will be provided to firms in the near future as appropriate.

Q5: Should internal ratings be reported when both internal and external ratings are available?

A5: Internal ratings should be used when available and if they drive business decisions.

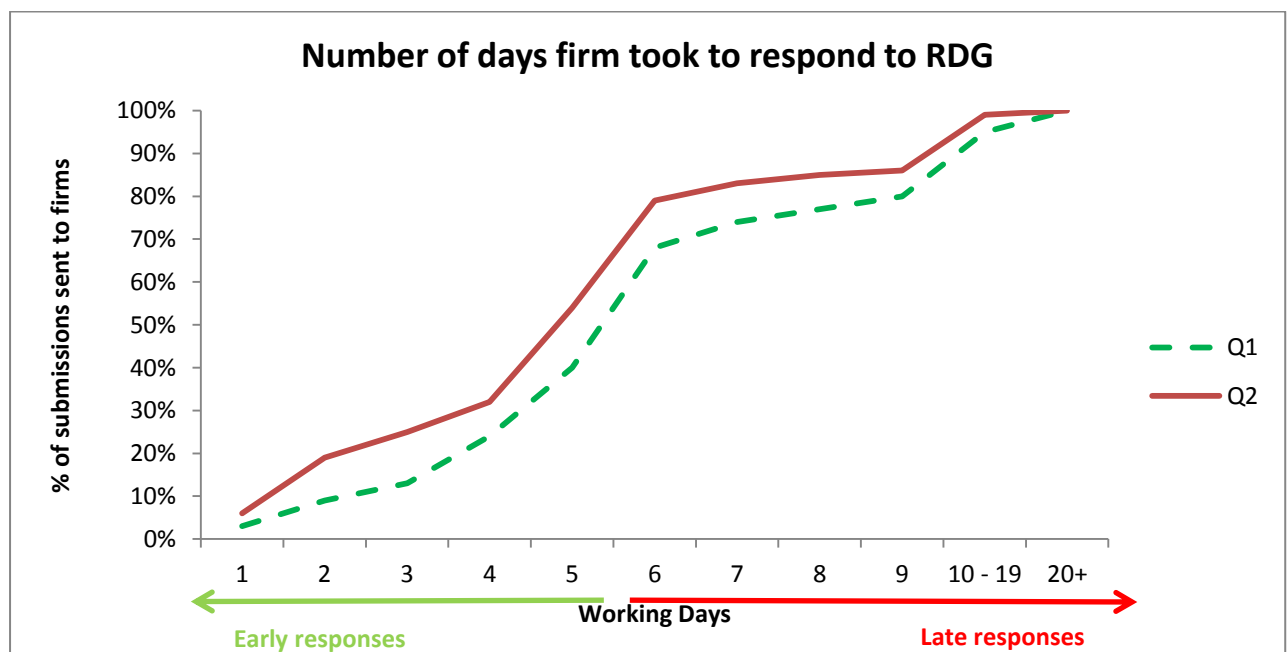
4. Update on reporting submissions

4.1 Solo entity submission timeline



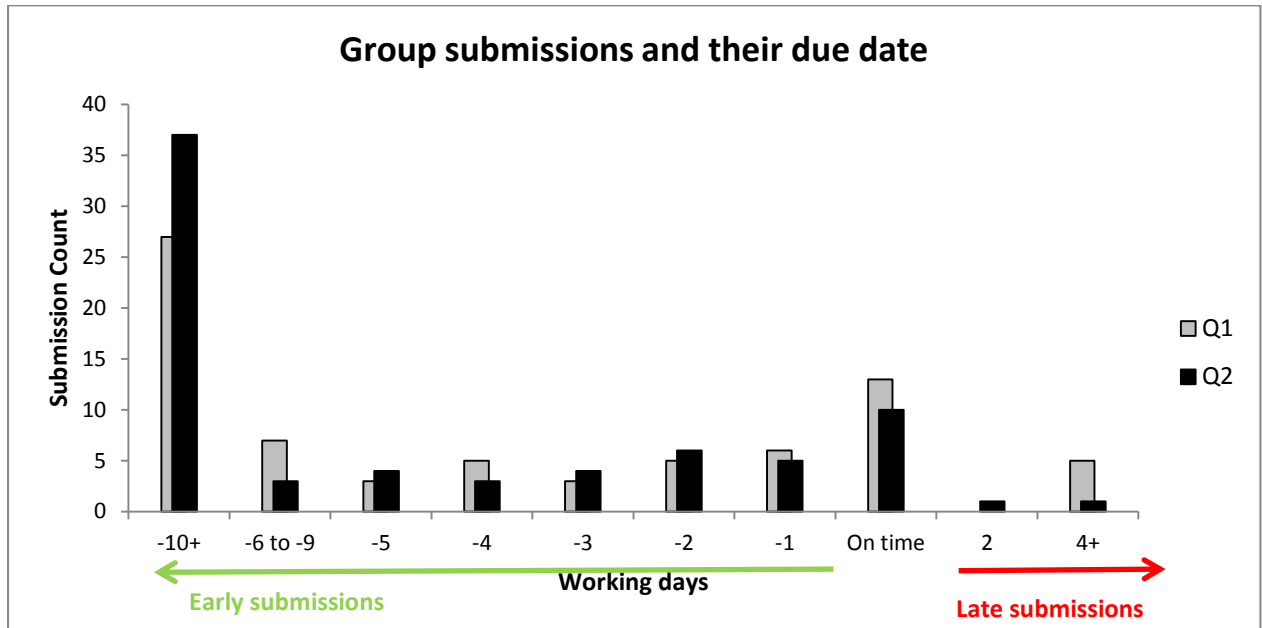
- RDG received 283 solo submissions in Q1 and Q2
- 98% (Q1) and 99% (Q2) of the submissions were made by firms by the due date
- In the final three days of the submission period, 68% (Q1) and 61% (Q2) of returns were submitted

4.2 Solo entity response to RDG



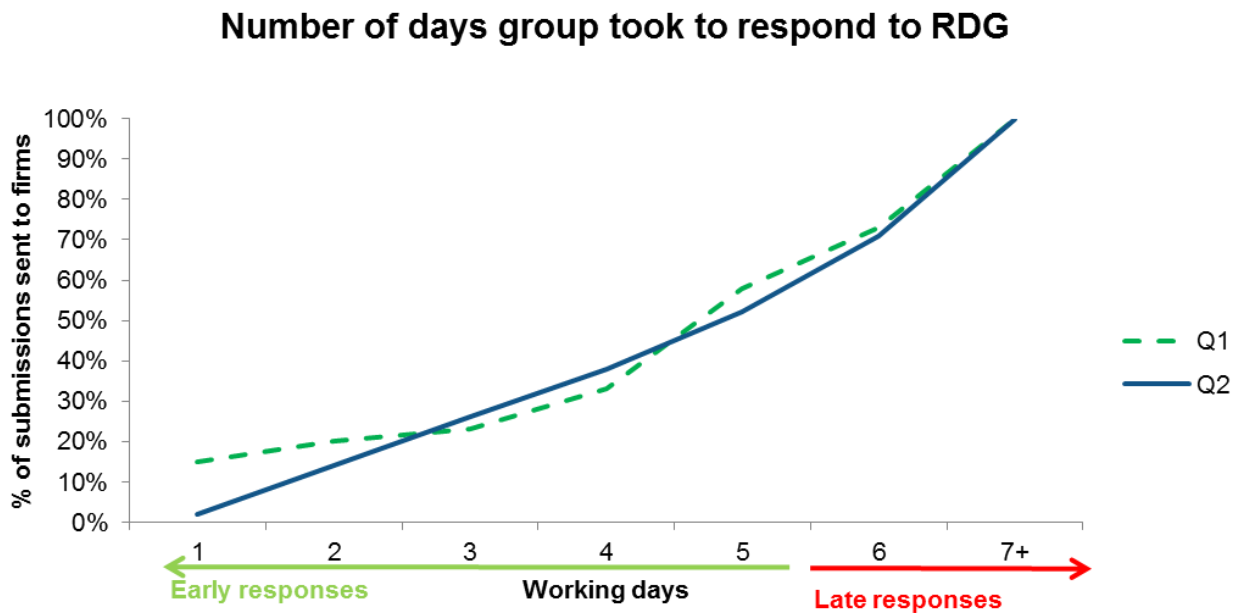
- In Q2, 54% of firms responded to RDG queries within five working days, up from 40% in Q1
- On average, the bulk of responses (roughly one quarter) are received on the sixth working day

4.3 Group submission timeline



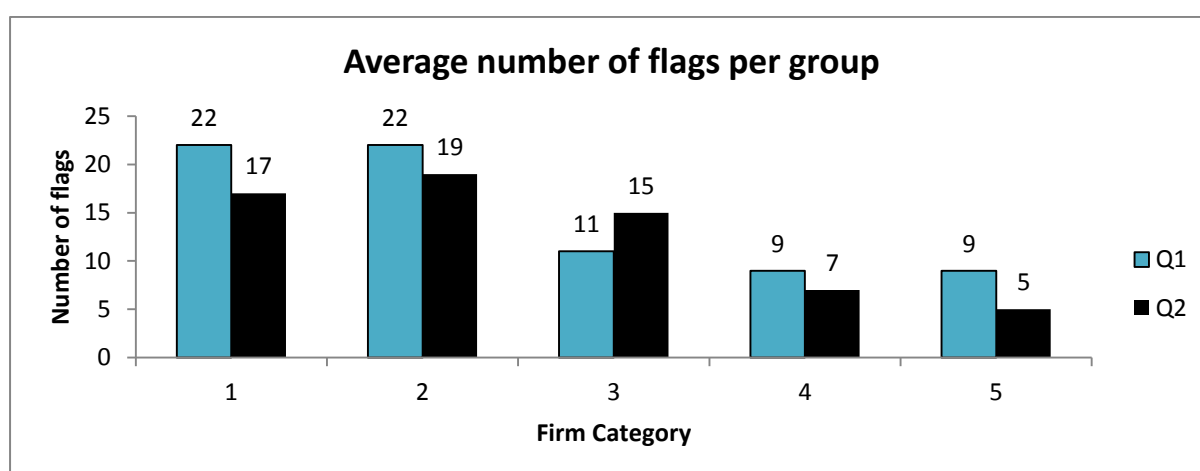
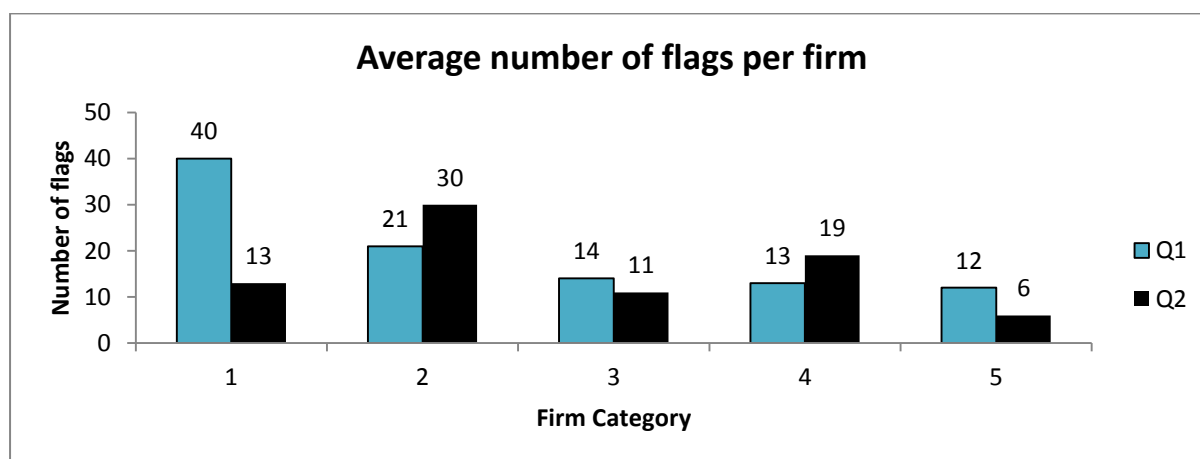
- RDG received 74 Group submissions in total across Q1 and Q2
- 93% (Q1) and 97% (Q2) submissions were submitted by firms either early or on time
- More than 20% of Groups submitted their returns 30+ working days prior to the deadline

4.4 Group response to RDG



- In Q2, 52% of Groups contacted by RDG responded within five working days, a slight fall from 58% in Q1

4.5 Flags sent to firms in the plausibility process



Q6: Have queries relating to the checks carried out on firm submissions been sent to all firms or just Category 1-3 firms?

A6: Queries have been sent to all firms.

Q7: Will more or new checks be made in future on the reported data?

A7: Yes. The PRA has additional checks to refine and release, including, for example, trend analysis.

Q8: The tolerances in the tests are too small and onerous for firms to comply with. Can they be relaxed?

A8: EIOPA has specified the tolerances used in the checks undertaken by the PRA.

5. EIOPA and PRA's approach to data quality

Collecting data checks for three purposes:

- To be implemented at European level, thereby taking advantage of the greater depth and breadth of data available. The outputs from these checks will then be communicated back to the National Competent Authority (NCA) for further local data analysis
- That could potentially be added as additional validation rules in the taxonomy following a review process at European level by the EIOPA expert network

- As a European-wide database of checks that individual NCAs could choose to implement should they believe they are appropriate to the national industry and not unduly burdensome

Make use of expert network:

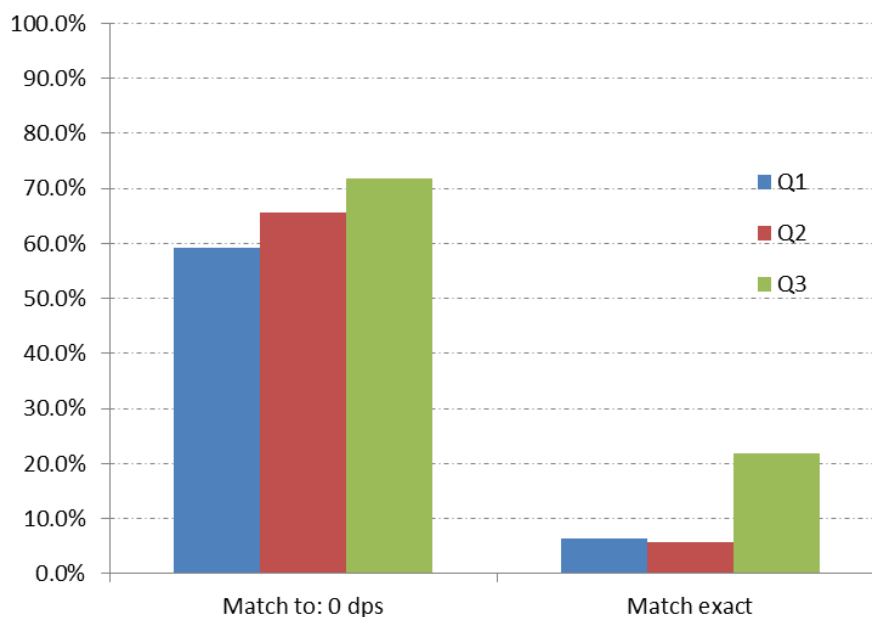
- NCA-nominated experts for data quality will discuss and define checks for implementation at European level or as an addition to the European-wide database

Specific EIOPA Proposals:

- Transmission of the data quality report from EIOPA to NCAs
- Data quality report to be distributed to NCAs one week after each EIOPA prudential submission deadline for Solo and Group QRTs
- Collection of best practices in quality checking

6. Update on asset data matches

Percentage analysis of matches between S.02.01 and S.06.02



For Q3, there has been a notable improvement in the proportion of exact matches between S.02.01 and S.06.02.

Q9: If firms made no changes to the approach they took in Q3, would there be an expectation that many firms would fail the assets checks when they are run for the first time against the Q4 data?

A9: Yes. The PRA has contacted firms to highlight this concern.

7. Homogeneous Risk Groups

- SS36/15 identified the product codes to be used when reporting template S.14.01.01
- The reporting of S.14.01.01.03 gives firms flexibility in the definition of the homogeneous risk groups
- Without prior knowledge of the homogeneous risk groups firms plan to use, the PRA cannot easily prepare to quality check or analyse the data supplied. It would therefore be helpful if firms were willing to share with the PRA their lists of homogeneous risk groups and how they relate to the product codes identified in SS36/15 as soon as they are able to do so

Q10: When and how should firms provide information on their identified homogeneous risk groups?

A10: By end-February, or earlier if possible, to the [Solvency II mailbox](#).

8. Taxonomy 2.1

- Taxonomy 2.1 must be used for all submissions with reference date 31 December 2016 onwards
- 2016 Q4 submissions will be created by 13 February for upload by 24 February 2017
- A user acceptance testing (UAT) window opened on 5 December and was available for 5 days
- The PRA is planning for UAT windows to open in February and March/April for further testing, but exact dates are yet to be finalised.

Q12: Is there an XBRL taxonomy for non-directive firms?

A12: No. There are a number of ways of reporting electronically and the PRA prefers spreadsheet submissions.

9. AOB

Q13: Is [SS15/16 'Solvency II: Monitoring model drift and standard formula SCR reporting for firms with an approved internal model'](#) a request under Article 112?

A13: No.

10. Suggested items for discussion in 2017

1. Plausibility framework
2. Annual reporting