

# **Solvency II Reporting Reforms**

## **Bank of England Insurance Taxonomy v2.0.0**

**27<sup>th</sup> June 2024**



# Agenda

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- Where are we now
- Solvency UK Reporting landscape
- Reporting Changes



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# Solvency UK – Where are we now

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- Some post-Brexit changes already in effect
  - Reporting review phase 1
    - Considerations for year-end 2023
  - Risk margin, TMTP (FRR) test, end of transitional measures e.g. EU entities within SCR etc.
  - Reform of the MA (CP19/23), effective 30/6/2024
- PS2/24 and PS3/24 set out the bulk of the “Solvency UK” regime
  - PS3/24 for reporting (phase 2) and PS2/24 for everything else
    - Effective 31/12/2024
  - PS3/24 has accompanying technical project i.e. BoE standalone taxonomy

# Presentation Scope

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- Generally focusing on reporting changes i.e. PS3/24: “Review of Solvency II: Reporting and disclosure phase 2”
  - Generally not covering other changes e.g. SCR, risk margin, TMTP, MA except to extent relevant for reporting
- Only “IR” and “DIS” submission type QRTs in scope
  - IM, MRS, SF, SPV submission types not in scope
- Reporting into Lloyd’s not in scope
- Detailed review of validation changes not in scope
- More details on QRT-by-QRT changes available on our website:
  - <https://www.solvencyiisolutions.com/solvency-uk-boe-taxonomy/>

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# QRT reporting

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- 1 new taxonomy: Bank of England Insurance XBRL Taxonomy v2.0.0

Entity type	Quarterly private	Annual private	Annual public
Solo	✓	✓	✓
3CB	✓	✓	
Group	✓	✓	✓
ECB Add-on	✗	✗	✗
Financial Stability	✗	✗	✗
Market Risk sensitivities	✓		
IM Standard Formula reporting		✓	
Internal model outputs		✓	

- Note, public disclosure templates included in taxonomy (same as EIOPA do) for information only
- Replaces EIOPA 2.6.0 taxonomy and BoE 1.3.1 taxonomy in full
- Supporting Filing Rules, LOG files replaced in full, no Q&A mechanism setup yet
- Reporting instrument and waiver SS's updated

# Other reporting

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- RSR is no longer required
- SFCR
  - Solo and group requirements largely unchanged
  - Audit requirements largely unchanged, however
    - As IR.25.04 covers SF and (P)IM, confirmation parts calculated using an IM remain exempt
    - Clarifications made to expectation for audit of MA following “PS10/24 – Review of Solvency II: Reform of the Matching Adjustment
- Third-country branches
  - Resolution report (as was previously received through the RSR)
    - First year-end after 31.12.2024
    - Every 3 years thereafter (or if significant change in the applicable winding-up regime of home country)
  - PRA will consider proposals for accepting 3CB undertaking ORSA instead of branch-specific



# Timelines - UK

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- Q3 2024
  - BEEDS UAT (using current taxonomy version)
    - 2 week window
    - “early Q3” (unofficially 15/7/2024)
    - SIIS given access to BEEDS UAT
    - Tabular version (9.0.6.0) to be published w/c 8/7/2024
- Q4 2024
  - Hotfix to 2.0.0
  - Tabular version (10.0.0.0) to follow hotfix (within 2 weeks)
- Q1 2025
  - First live submissions with BoE 2.0.0 (reference date 31.12.2024)
    - Q4 2024 submissions for solo (without waiver) and 3CB (with or without waiver)
  - Possible further BEEDS UAT
- Q2 2025
  - First live annual submissions with BoE 2.0.0 (reference date 31.12.2024)

NO CONFIRMATION YET FROM GFSC ON ITS APPROACH

# Reporting deadlines

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- QRT submissions to PRA, deadlines updated
  - One week added to quarterly solo
  - All deadlines translated to business days from weeks

Submission	New deadline	Previous deadline
Solo & 3CB Quarterly (private)	30 business days	5 weeks
Solo & 3CB Annual (private)	70 business days	14 weeks
- Group Quarterly (private)	55 business days	11 weeks
Group Annual (private)	100 business days	20 weeks

- 3CB resolution report – 70 business days
- ORSA, within 10 days of the conclusion of the ORSA
- Note, the Public (SFCR) deadlines are unchanged i.e. still 14 weeks (seeking clarification from BoE on this)

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- **Reporting Changes**



# Reporting Changes - overview

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- New template sets are combination of EIOPA plus NST and various updates to fit BoE requirements
  - All templates now take IR. (or IRR. for RFF QRTs) prefix
  - For EIOPA-based templates in most cases this is a simple rename (S.02.01 -> IR.02.01)
  - NST-based templates are “slotted into” the appropriate naming group (always re-coded)
  - In many cases the template has not been significantly re-scoped but there is a significant subset where rescoped and/or redesigned
- Reporting frequencies changed for investment QRTs
- Reporting exemption rules unchanged for solo and group, revamped for 3CB (including some NSTs)
- General reporting rules (reporting currency, units, xbrl technical components), reporting mechanism (BEEDS), filing rules (in theory), (use of) plausibility checks etc. are unchanged
- Euro amounts redenominated into GBP
  - Guidance dropped for non-GBP reporting currency case (seeking clarification from BoE)
- Lloyd’s syndicate codes requested as entity identifiers across all templates (preferable to LEIs)
- 3CB
  - No SCR calculation, so no SCR, LTG templates
  - Exempt from all investment QRTs
  - However, not exempt from old NSTs per-se

# 3CB Annual QRTs with reporting waiver

Prior required Annual QRTs	New required Annual QRTs	QRT description
S.01.01.07	IR.01.01.07	Content of the submission
S.01.02.07	IR.01.02.07	Basic information - general
S.01.03.01	IR.01.03.01	Basic information - RFF and matching adjustment portfolios
	<b>IR.01.04.07</b>	<b>Basic information - branch legal entity</b>
S.02.01.07	IR.02.01.07	Balance sheet
S.02.02.01		
S.02.03.07	IR.02.03.07	Additional branch balance sheet information > Net value of encumbered assets
S.03.01.01, S.03.02.01, S.03.03.01		
S.05.01.01	IR.05.03.01	Life income and expenditure
S.05.01.01	<b>IR.05.04.01.07</b>	<b>Non-life income, expenditure and business model analysis (previously NS.07.01.07.06 in UK NST taxonomy)</b>
	<b>IR.05.07.01</b>	<b>Business model analysis - financial guarantee insurers &gt; Exposures (previously NS.08.01.01.01 in UK NST taxonomy)</b>
	<b>IR.05.08.01</b>	<b>Material pooling arrangements (previously NS.03.01.01 in UK NST taxonomy)</b>
	<b>IR.05.09.01</b>	<b>Assessable mutuals (previously NS.04.01.01 in UK NST taxonomy)</b>
S.06.02.07		
S.09.01.01		
S.12.01.01	IR.12.01.01	Life technical provisions
	<b>IR.12.05.01</b>	<b>With-profits Value of Bonus (previously NS.01.01.01 in UK NST taxonomy)</b>
	<b>IR.12.06.01</b>	<b>With-profits Liabilities and Assets (previously NS.02.01.01 in UK NST taxonomy)</b>
S.14.01.01	IR.14.01.01	Life obligations analysis
	<b>IR.16.01.01</b>	<b>Non-life annuities information</b>
S.17.01.01	IR.17.01.01	Non-Life Technical Provisions
	<b>IR.18.02.01</b>	<b>Non-life liability projection of future cash flows (previously NS.10.01.01 in UK NST taxonomy)</b>
	<b>IR.19.02.01</b>	<b>Non-life general liability claim development (previously NS.11.01.01 in UK NST taxonomy)</b>
	<b>IR.21.04.01</b>	<b>Cyber underwriting risk</b>
S.22.01.01, S.22.05.01, S.22.06.01, S.23.01.07, S.23.03.07, S.25.01.01, S.25.02.01, S.25.03.01, S.28.01.01, S.28.02.01		
	<b>IR.30.05.01</b>	<b>Reinsurer and collateral provider entity information</b>
S.31.01.01	IR.31.01.01	Outwards reinsurance balance sheet exposures
SR.01.01.07	IRR.01.01.07	Content of the submission
SR.12.01.01	IRR.12.01.01	Life technical provisions
SR.17.01.01	IRR.17.01.01	Non-Life technical provisions
SR.25.01.01		

# Reporting Changes – Non-Life business

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- General change to definitions for claims (and provisions) info to include ALAE (where not already)
- S.05.01 replaced by IR.05.04
  - Annual version ~ NS.07 NST (sheet 1 applicable to run-off)
  - Quarterly ~ S.05.01 (quarterly) rows but with NS.07 LoB's
- S.18.01 renamed as IR.18.01 and recoverables now split by premium and claims reserves
- NS.10 (liability, future CFs) now IR.18.02, unchanged otherwise
- S.19.01 renamed as IR.19.01, with some changes:
  - LoB level 90% of TPs threshold; but motor, liability and non-prop casualty always
  - total all LoB level (including any immaterial LoB) in reporting currency
  - 3% threshold to report a LoB at currency level is increased to 10%
  - all reinsurance recoverable triangles are removed; now only gross and net triangles at to be reported
  - No historical BE CP (due to ALAE redefinition), RBNS net of salvage and subrogation
  - gross and net premiums earned to date and future (UWY) per o/y (also in SFCR version)
- NS.11 (liability triangles) > IR.19.02, changes to align with IR.19.01 (threshold, mandatory LOBs, structure etc.)
- S.20.01 now IR.20.01; 90% TP (for direct business) materiality threshold etc. rules also apply
- S.21.01 and S.21.03 deleted; S.21.02 now IR.21.02 but not changed otherwise
- IR.21.04, new template on (affirmative) cyber exposures
  - NO threshold, in scope for RI accepted

# Reporting Changes – Life business

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- LoB split has changed across all life templates. Now there are 6 LoBs (all split direct/RI accepted):
  - Non-life annuities combined into single category; Life annuities separated from Other life
- S.05.01 replaced by IR.05.03, generally unchanged except:
  - expenses now only needed gross of reinsurance and taxation, divided and transfers in/out added
  - Reported at RFF level annually
- S.12.01 renamed IR.12.01
  - all rows relating to TPCAW removed (include in BE), additional breakdown of TMTP rows added
  - for IL/UL only; "Nominal value of units" and "Matching value of units" and Surrender value
- S.14.01 replaced by IR.14.01 and much simplified table (still applicable to RI and non-life annuities)
- IR.05.10 Excess Capital Generation
  - Materiality threshold, GWP > GBP 1bn
  - Breakdown (current year and future 3 years) of capital generation: new/existing business, outside factors etc.
- S.13.01 dropped except for non-life annuities (renamed as IR.16.02)
- S.16.01 renamed IR.16.01
  - claims provisions before/after time claim settled as annuity, plus annuity payments since that point
- NS.09 (BE assumptions) replaced by IR.12.04, unchanged but new threshold:
  - gross BE GBP 50M or GWP GBP 1M
- NS(R).01.01 and NS(R).02.01 renamed as IR(R).12.05 and IR(R).12.06, unchanged otherwise

# Reporting Changes – Reporting by country

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- Still only required annually
- Technical account info (Stat account) info:
  - IR.05.02 (top 5 countries,)
    - ~ same as S.05.02 but changed threshold (100m or 5%, down from 10%), unclear if always required
    - Solo, group and 3CB and SFCR
  - IR.05.05 (life) and IR.05.06 (non-life) GWP and GCI by LoB and country
    - Solo only
    - Country threshold of >100m or >5% by GWP
    - Same LoB split as IR.05.03 and IR.05.04 respectively
- Best estimate info:
  - IR.12.03 and IR.17.03 (~S.12.02 and S.17.02)
    - Solo and 3CB
    - Country threshold of BE > 500m
    - For non-life same LoB split as IR.17.01
- IR.05.05, IR.05.06, IR.12.03, IR.17.03 must always be reported for home country (i.e. GB), regardless of whether any business outside home country



# Reporting Changes – Investments

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- No material changes to templates themselves
- Changes to frequency, scope and materiality thresholds
  - Solo
    - IR.06.03 now semi-annual instead of quarterly
    - S.07.01 and S.08.02 deleted (already in effect pre 2.0.0)
    - Materiality threshold added to IR.11.01
      - assets held as collateral to total balance sheet exceeds 10%.
    - IR.06.02, IR.08.01, IR.10.01 unchanged
      - New CIC category 83 Equity release mortgages
  - Group
    - IR.06.02 and IR.06.03 (if above threshold) Q4 only
    - S.07.01 and S.08.02 deleted (already in effect pre 2.0.0)
    - Same materiality threshold added to IR.11.01 as for solo
    - No changes to IR.08.01, IR.10.01
  - 3CB
    - Completely exempted from all investment templates

# Reporting Changes – SCR

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- Overall restructuring with little or no additional data required
- S(R).25.01, S(R).25.02, S(R).25.03 all deleted and replaced with
  - IR(R).25.04, applicable for all firms i.e. SF and (P)IM (SFCR also)
    - ~ S.25.01 but with additional sub-module information, "one-stop shop" SCR summary sheet
    - Some SCR fields are IM specific e.g. "Other market risk"
    - For IM's, Capital Add-ons split between disclosed and undisclosed (RML)
  - IR.25.05 for (P)IM's ~ S.25.02/03 "list part"
  - Dedicated (and expanded) LACDT QRT IR.25.06
- For IR.26.02 through IR.27.01, generally there is no change to requirements
  - Structure has changed (significantly) in some QRTs; pre/post-shock assets/liabilities removed
  - No longer the requirement for (P)IM to report SF variant
- 3CB exempt from all SCR sheets, now complete IR.01.04
  - at overall third-country legal entity level
  - current and plan years 1 through 3 on summary capital and financial information
  - for current year only, information on reinsurance recoverables from "connected" and (top 3) external counterparties

# Reporting Changes – Reinsurance recoverables

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- S.30s QRTs now split between non-life and life specific (all are still solo only)
- Non-life (IR.30.03 and IR.03.04)
  - Same (prospective) scope as old S. versions
  - Now covers fac as well as treaty (fac can be reported with some aggregations)
  - Some changes to structure and definitions of data required:
    - removal of most commission related columns
    - new fields added for Retrocession (Y/N); Shared contract (Y/N); Territorial scope of contract (continental level); Basis of cover; % placement; related party/arms length
- Life (IR.30.06, IR.30.07 and IR.30.08)
  - IR.30.06 > Summary QRT split by 15 product code (PC) of gross (lump sum/BE as applicable) and RI
    - Not exhaustive list of PC; QRT not required if none of the PCs have reinsurance
  - IR.30.07, IR.30.08 > proportional and non-proportional covers respect., split by reinsurer
  - Some materiality rules apply for IR.30.07, none apply for IR.30.08
- IR.31.01 (still solo and group)
  - Largely unchanged, some new columns: claims debts past due; Commissions and Premiums debts; amounts in dispute; amounts written-off; share of Premiums written
- IR.30.05 > Single reinsurer-level (name, country, rating etc.) sheet supporting all others

# Reporting Changes – Balance sheet

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- Balance sheet and off-balance sheet
  - IR.02.01
    - Minor redesigns; simplification (less breakdown) of BE (gross and RI) but no real changes
  - IR.02.02
    - no change other than now longer in scope for 3CB
  - IR.02.03 (branch B/S info) > no change
- Off-balance sheet
  - New materiality threshold for limited guarantees (IR.03.01)
    - Guarantees are > 2% of balance sheet
  - No changes to IR.03.02 and IR.03.03

# Reporting Changes – Own Funds, Group and LTG

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- Own Funds (IR.23.01 through IR.23.04)
  - Minor revisions and removal of EPIFP amounts from IR.23.01, otherwise no significant changes
  - 3CB no longer report S.23's (OFs for 3CBs is part of IR.01.04)
- Group (IR.32.01 through IR.35.01)
  - In general, minor changes
    - IR.32.01 has additional field for identifying immediate parent
    - IR.33.01
      - now always required (not just, as previously, where non-EEA or method 2 used)
      - new field: Contribution of solo SCR to the group SCR (for entities included via Method 1)
    - IR.34.01 no changes
    - IR.35.01, scope changed to only applicable where 3rd country (re)insurer subs exist
- ITGs (IR.36's) unchanged except:
  - IR.36.03 (internal reinsurance) deleted (partly covered by redesigned reinsurance QRTs)
- LTGs (IR.22's) unchanged except:
  - S.22.05 (TMTP) deleted
  - S.22.06 replaced with IR.22.07 but essentially captures same info (technical redesign)
  - No longer applicable for 3CBs (in line with removal of SCR requirement)

# Tabular users – Version 9.0.6.0 (early Q3, targeting UAT)

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- Included
  - Return Setup updates; all screens updated to reflect new profile requirements (new thresholds, new templates e.g. cyber etc.)
  - Most of the in-sheet formulas, including Sii Model links
    - Some are pending clarification from BoE
  - XBRL validations and XBRL output, but (unless fixed by BoE)
    - XBRL output – some QRTs cannot be (fully) submitted
    - XBRL validations - Some strange results due to taxonomy errors
    - we will provide details of main issues
- Not included (to be included in Q4 main release)
  - RegHub LOG guidance
  - Some non-xbrl based dropdown menus
  - Reviewed SIIS validations
    - Currently majority come from “lift and shift”; will produce some invalid results
  - SFCR export feature
  - Group Consolidation feature

# Thanks for attending

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Any further enquiries please contact:

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