PRA Insurance

Sol II Reporting and Data analytics

David Jeacock   **29 June 2016**

Objectives of today

- Bank / PRA preparations for Sol II Pillar 3

- Sol II Reporting in 2016

- Data / Analytics developments

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SoI II dataset opportunities

Provides comparable and comprehensive datasets to aid Supervisors in managing the financial aspects of regulated firms and the risks they may pose to the soundness of the UK economy

Significant increased in the volume of Insurance data supplied by insurers, consistent with advancements in data management and analytics.

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Insurance Data Analytics Division (IDAD)

Major investment in analytical tools	Up-scales the PRA's analytical capabilities	Ring-fenced internal resources	Multi-year project

- Hit the ground running, utilising existing experience

- Step change that will enhance the PRA's quantitative analysis, management information and analytical capability

- Sol II data being used to provide improved user experience and additional insights, both with regards day-to-day supervision and research

- **Success measured through the forward-looking, judgement-based supervisory decisions becoming increasingly driven by data and analytics**

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Significant benefit gained from being part of the Bank

Advanced Analytics

Developing new capabilities

Driving the Bank to make the most of its data

Applying advanced analytical techniques

Linking with outside partners so the Bank is at the forefront of advances in data sources and analytical tools.

Statistical and Regulatory Data Division

Centre of expertise for compilation and publication of regulatory and statistical data

Promoting innovation and quality to support analysis, policy and decision making

Chief Data Officer Division

Business owners of the future One Bank Data Architecture platform.

Driving a single channel and approach for data sourcing, ingestion and quality.

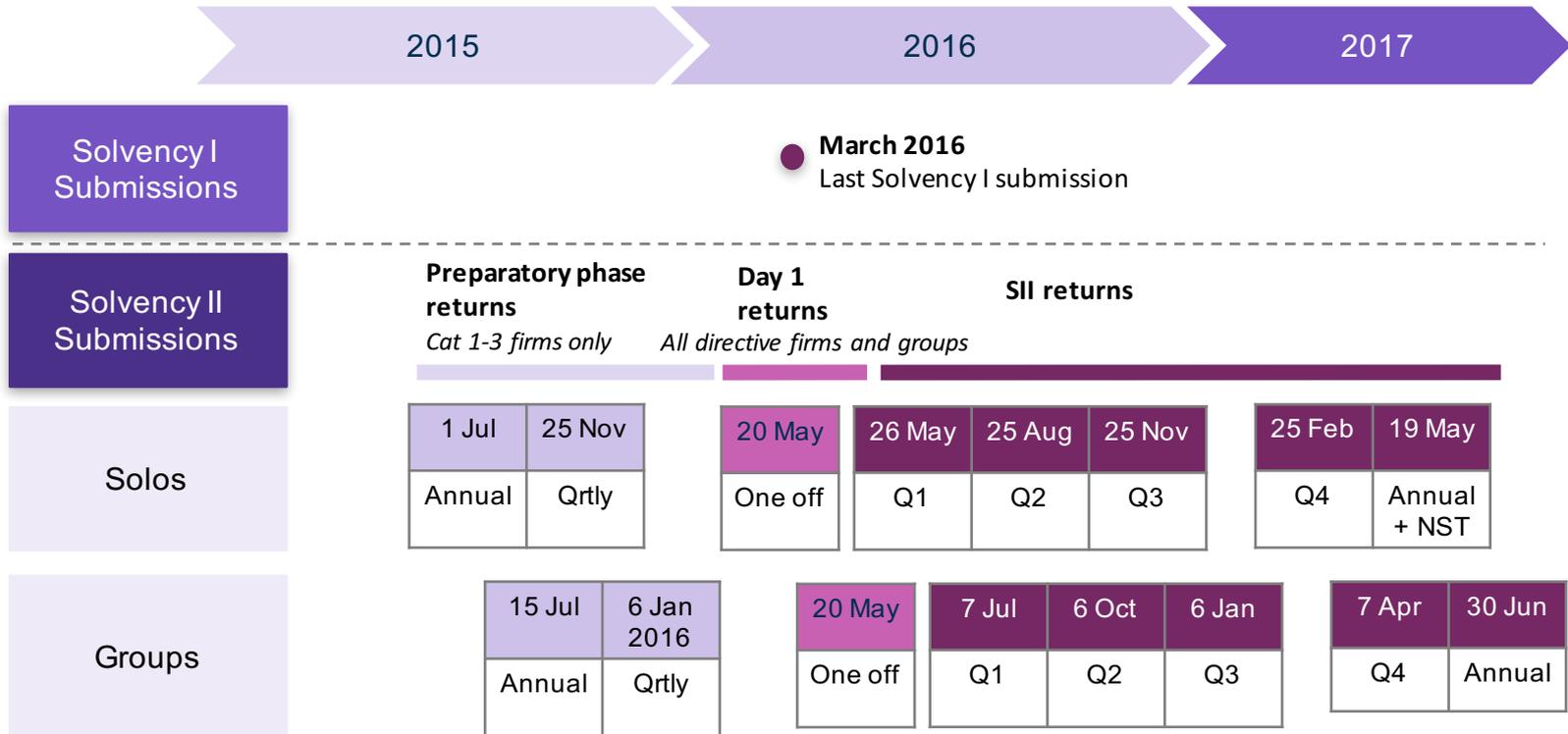Develop effective and efficient services to support core data services

Technology

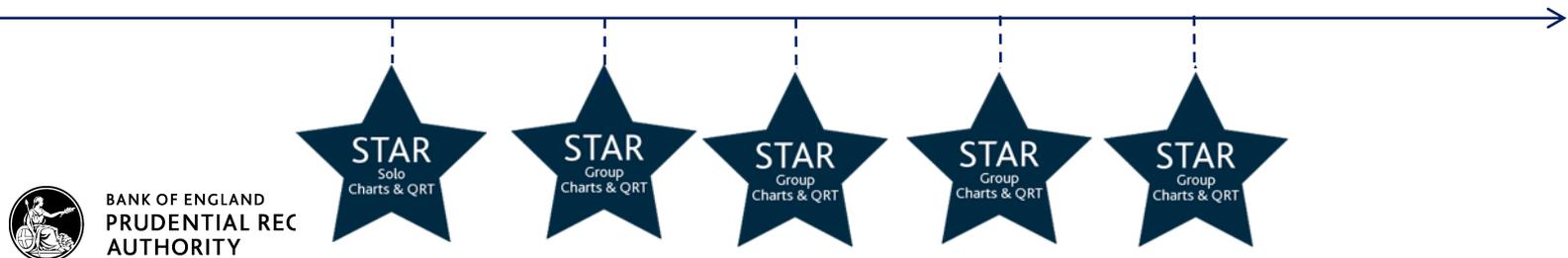Technical expertise to design and build efficient data loading software and storage infrastructure

Provide data modelling and technical skills to design and build software to transform the raw data received and present it in accessible databases

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Development of analysis and tools

	2015	2016	2017

Solvency I Submissions

● **March 2016**
Last Solvency I submission

Solvency II Submissions

Preparatory phase returns
Cat 1-3 firms only

Day 1 returns
All directive firms and groups

SII returns

Solos

1 Jul	25 Nov		20 May		26 May	25 Aug	25 Nov		25 Feb	19 May
Annual	Qrtly		One off		Q1	Q2	Q3		Q4	Annual + NST

Groups

15 Jul	6 Jan 2016		20 May		7 Jul	6 Oct	6 Jan		7 Apr	30 Jun
Annual	Qrtly		One off		Q1	Q2	Q3		Q4	Annual

STAR Tools

★ STAR Solo Charts & QRT
★ STAR Group Charts & QRT
★ STAR Group Charts & QRT
★ STAR Group Charts & QRT
★ STAR Group Charts & QRT

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Solo firm Sol II submission status

Day 1 Solo/Branch

- 253 solo/branch returns received by the deadline out of 258 expected

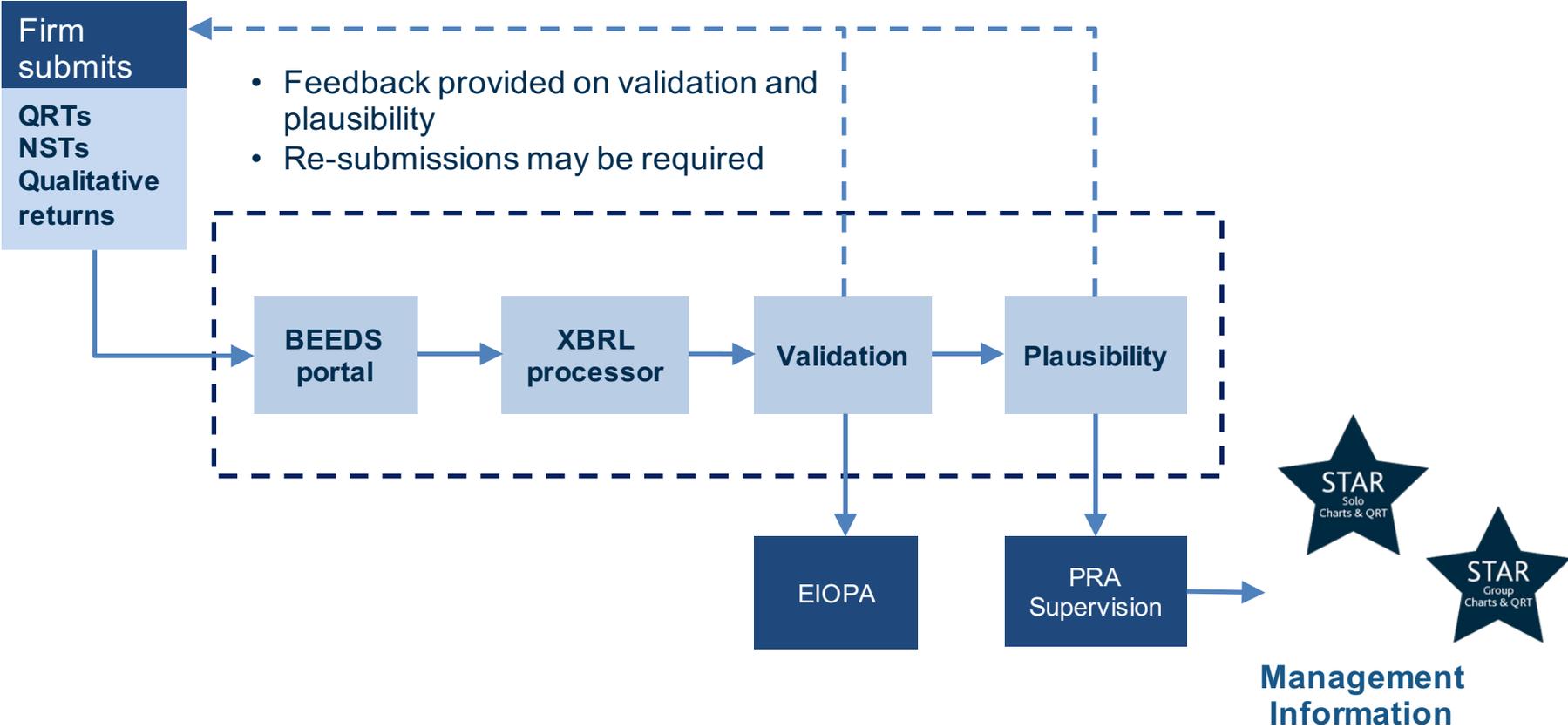- All 5 had reasons agreed with their Supervisors

Quarterly Solo/Branch

- 289 solo/branch returns received by the deadline out of 303 expected

- 10 had reasons agreed with their Supervisors, only 4 had not agreed reasons for non/ late submission with their Supervisor

This is a great success for the Insurance industry

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SoI II data flow and focus on data quality

Firm submits

QRTs
NSTs
Qualitative returns

- Feedback provided on validation and plausibility
- Re-submissions may be required

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BEEDS portal → XBRL processor → Validation → Plausibility
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EIOPA

PRA Supervision

STAR
Solo
Charts & QRT

STAR
Group
Charts & QRT

Management Information

Agile tool development approach

Tactical solution for prep phase	Further tools for full Sol II	Advanced analytics
2015	**2016**	**2017/8/9**

- Delivery suited an 'agile' delivery approach with multiple sprints within each phase

- Delivery tranches / phases shaped around when data becomes available

- Maturity in how users will interact for supervisory purposes developing alongside data volume and consistency / quality

- Feedback and SME groups continuously researching new metrics etc.

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Prep phase analytics tools

Tool to analyse solo returns

Tool to analyse group returns

Tool to explore the assets data

Manage- ment information

Key outcomes for Supervisors

1. Increased knowledge of the Sol II data and where appropriate engaging firms to develop firm specific insights

2. Comparing / contrasting the Sol II data against current reporting

3. Forming a view on data quality

4. As appropriate include in PRA Senior management reviews

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Primary supervisory tools being launched in 2016

Day one Sol II tool

Quarterly firm monitoring tool

Peer comparison tool

In addition, we have developed numerous analysis tools, including:

1. Asset and derivative granular data explorer

2. Data extract tool

3. Internal model capital monitoring tool

4. Internal model output analysis tool

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STAR – Day one reporting tool

The STAR Day 1 monitoring report will provide a high level overview of the annual information available on a Sol II basis in 2016.

Reports will be appended to the current 2015YE tools and reports.

Comparisons between regimes on a like for like basis will be available at the same point in time.

The tool includes metrics/data in the following areas:

- Solvency and Capital analysis including:
- Balance Sheet and Investment analysis:
- Mix of business (GI only):
- Provisions:
- Reinsurance (GI only):

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STAR - Quarterly firm monitoring tool

The STAR quarterly tool and reports are standardised across firms and support continuous monitoring of risks by supervisors across a range of metrics.

The tools will include the following:

- Capital overview including:

- Assets overview:

- Underwriting overview:

- Reserving overview:

- Reinsurance overview:

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STAR – Peer comparison tool

The STAR peer review tool provides:

- Comparison of firms across any metric in the day one / quarterly tools

- Automated chart production for any number of firms / metrics / reporting periods

- Ability to derive a peer group from the overall GI and Life population, based on any metric

- Aggregate across firms to derive market / sector / peer group performance.

- The peer comparison tool will be used to facilitate sectorial analysis and management information

In summary, we are creating a more data and analytics driven Insurance Directorate to support forward looking evidence-based supervision

1. Significant investment with the creation of IDAD and fully benefiting from being part of the Bank

2. Tools and analysis developed based on supervision needs

3. New tools launched and a full pipeline of new tools and analysis delivered via an agile approach

4. Keen to work with Analytics colleagues across industry

Questions and where to find more information

(1) Access the latest News on Solvency II: www.bankofengland.co.uk/solvency2

(2) To find the latest information on regulatory reporting navigate to the 'Preparing' section and then (3) the Pillar 3 pages

Five pages of Pillar 3 information:

- Regulatory reporting

- Industry working group

- Taxonomy

- Detailed technical information

- BEEDS portal