



InsuranceDataRelease@bankofengland.co.uk
Prudential Regulation Authority

16 March 2020

AFM Response to PRA call for feedback on insurance data release

1. I am writing in response to this call for feedback, on behalf of the Association of Financial Mutuals. The objectives we seek from our response are to comment on the proposals for regular releases on insurance data by PRA.
2. We welcome the proposal by PRA to produce regular publications of insurance data. We consider that the regulator is well placed to provide an overview, and that whilst much of the data is in the public domain, the PRA represents a credible, public, source of reporting.
3. The stated rationale for providing the data is stated as “to facilitate the analysis and insight into time-period data”. For a trade association, looking to understand the movements in the market, and the contribution of its members to the sector overall, the data will be very useful, and more complete than some of the alternative sources we use (including our own, as well as ABI and Swiss Re publications). That said, we consider that the aggregated nature of the data to be published will only enable quite high-level review: for instance, we will be able to track market share over time, but not potentially understand the underlying causes of change.
4. We note that the main source of data will be the QRTs. We agree that this is appropriate, although as most of our members are partly or wholly exempted from completing these templates, the data will necessarily be incomplete. It is not clear how much effort is undertaken in verifying the accuracy of data produced from QRTs, but we think it is important that PRA undertakes a thorough review, albeit we recognise this will slow the production of reports.

5. In respect of the content of reports, and comparing to the 2017 insurance data release, the main focus was previously on the balance sheet, and this is clearly of greatest relevance to a prudential supervisor. The table of proposed reporting elements indicates the 2017 report will be supplemented by a wider range of activity reports, including premiums and claims data. Item S.05 indicates metrics will be provided by line of business, and to be valuable, it would be helpful if the data could drill down into quite specific product lines.
6. It would be interesting to see how supplementary data, such as the results of industry stress tests, could be layered over the data. As well as understanding the aggregate effect, this would be useful for smaller insurers, who are not generally included in the formal PRA stress testing, to seek to mirror the effects for their own analysis and scenario planning.
7. We consider the use of Tableau as the presentation tool is appropriate, as it combines effectively high-level presentation with the capacity to drill down into further detail.
8. We would welcome the opportunity to discuss further the issues raised by our response.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'MS' followed by a stylized flourish.

Martin Shaw
Chief Executive
Association of Financial Mutuals

About AFM and its members

The Association of Financial Mutuals (AFM) represents insurance and healthcare providers that are owned by their customers, or which are established to serve a defined community (on a not for profit basis). Between them, mutual insurers manage the savings, pensions, protection and healthcare needs of over 30 million people in the UK and Ireland, collect annual premium income of £19.6 billion, and employ nearly 30,000 staff¹.

The nature of their ownership and the consequently lower prices, higher returns or better service that typically results, make mutuals accessible and attractive to consumers, and have been recognised by Parliament as worthy of continued support and promotion. In particular, FCA and PRA are required to analyse whether new rules impose any significantly different consequences for mutual businesses² and to take account of corporate diversity³.

¹ ICMIF, <https://www.icmif.org/publications/market-insights/market-insights-uk-2016>

² Financial Services Act 2012, section 138 K: <http://www.legislation.gov.uk/ukpga/2012/21/section/24/enacted>

³ <http://www.legislation.gov.uk/ukpga/2016/14/section/20/enacted>