

COVID-19 NEWS OF INTEREST

The PRA Publishes COVID-19 Regulatory Reporting Amendments Allowing for Delay in Solvency II Reporting Requirements

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AUTHORS

Joseph D. Ferraro | Nicholas Bugler | Andrew Tromans | Jennifer Tait
Kirsty Maclean

On March 23, 2020, the Prudential Regulation Authority (the “PRA”) published a statement outlining the PRA’s approach to regulatory reporting for UK insurance and reinsurance undertakings in response to the ongoing Coronavirus/COVID-19 crisis.¹

The statement reflects (i) the PRA’s response to the recommendations with respect to harmonised reporting under the Solvency II Directive (2009/138/EC)² (“**Solvency II Directive**”), published on 20 March 2020 by The European Insurance and Occupational Pensions Authority (“**EIOPA**”) entitled “Recommendations on supervisory flexibility regarding the deadline of supervisory reporting and public disclosures – Coronavirus/COVID-19” (“**Recommendations**”)³ and (ii) its own, PRA-owned, reporting.

The Recommendations were published in accordance with the Solvency II Directive, EIOPA’s guidelines and other relevant EIOPA instruments, and are addressed to national competent authorities. In the Recommendations, EIOPA acknowledges the difficult market conditions for (re)insurance undertakings and reflects EIOPA’s view that (re)insurers should concentrate their current resources on monitoring and assessing the impact of the ongoing COVID-19 health

¹ <https://www.bankofengland.co.uk/prudential-regulation/publication/2020/covid19-regulatory-reporting-amendments>

² Directive 2009/138/EC of 25 November 2009 of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, pp. 1–155).

³ <https://www.eiopa.europa.eu/sites/default/files/publications/eiopa-recomendation-on-reporting-and-disclosure.pdf>

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emergency, especially in the context of Q1-2020 submission of information to competent authorities required under the Solvency II Directive. The Recommendations aim to offer operational relief and support business continuity of (re)insurers.

EIOPA has made three Recommendations in respect of the following reporting requirements:

1. Annual reporting for undertakings with a year-end on or after 31 December 2019 but before 1 April 2020 (“**Annual Reporting**”);
2. Quarterly reporting for undertakings with a quarter-end on or after 31 March 2020 but before 30 June 2020 (“**Quarterly Reporting**”); and
3. Solvency and Financial Condition Reports for undertakings with a year-end on or after 31 December 2019 but before 1 April 2020 (“**SFCR Reporting**”).

In consideration of the Recommendations, the PRA announced that they will accept the following delays to the Solvency II Directive reporting timetable:

Annual Reporting	
Solo level annual Quantitative Reporting Templates	Up to 8 weeks delay
Except for:	
<ul style="list-style-type: none"> • Contents of submission (S.01.01) 	Up to 2 weeks delay
<ul style="list-style-type: none"> • Basic information (S.01.02) 	
<ul style="list-style-type: none"> • Balance sheet (S.02.01) 	
<ul style="list-style-type: none"> • Cash-flow projections for life business (S.13.01) 	
<ul style="list-style-type: none"> • LTG (S.22.01) 	
<ul style="list-style-type: none"> • Own funds (S.23.01) 	
<ul style="list-style-type: none"> • SCR calculation (S.25.01 to S.25.03) 	
Group level annual Quantitative Reporting Templates	Up to 8 weeks delay

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Except for:	
<ul style="list-style-type: none"> • Contents of submission (S.01.01) 	Up to 2 weeks delay
<ul style="list-style-type: none"> • Basic information (S.01.02) 	
<ul style="list-style-type: none"> • Balance sheet (S.02.01) 	
<ul style="list-style-type: none"> • LTG (S.22.01) 	
<ul style="list-style-type: none"> • Own funds (S.23.01) 	
<ul style="list-style-type: none"> • SCR calculation (S.25.01 to S.25.03) 	
<ul style="list-style-type: none"> • Undertakings in the scope of the group (S.32.01) 	
Regulatory Supervisory Report (RSR)	Not required for year-end 2019
Own Risk & Solvency Assessment (ORSA)	Up to 8 weeks delay
Quarterly Reporting	
Solo and group level Q1 2020 Quantitative Reporting Templates and Quarterly Financial Stability reporting	Up to 4 weeks delay
SFCR Reporting	Up to 8 weeks delay
The COVID-19 situation is to be considered a “major development” as per Article 54(1) of the Solvency II Directive. The information relating to the effect of COVID-19 should be published at the same time as the SFCR.	

Source: <https://www.bankofengland.co.uk/prudential-regulation/publication/2020/covid19-regulatory-reporting-amendments>

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PRA-Owned Regulatory Reporting

The PRA will accept the below delays for the following aspects of PRA-owned regulatory reporting:

Annual Reporting	
National Specific Templates	Up to 8 weeks delay
Internal model outputs	Up to 8 weeks delay
Standard formula reporting for firms with an approved internal model (SF.01)	Up to 8 weeks delay
Market Risk Sensitivities	Up to 4 weeks delay

The PRA's response allows (re)insurance groups to submit anytime from the original submission date up to the end of the extended deadline window noted in the tables above, unless the reporting submissions are comparatively well-progressed, in which case the PRA encourages (re)insurers to submit them earlier in the windows to the extent possible. (Re)insurance groups should also note the Technical Annex within the Recommendations, and in particular that any subsequent submissions must include all previously submitted templates for that period to avoid submissions being overwritten. The PRA further stated that the corresponding external audit deadlines are also extended to accommodate the approved delays.

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If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

Joseph D. Ferraro
+44 20 3580 4707
jferraro@willkie.com

Nicholas Bugler
+44 20 3580 4704
nbugler@willkie.com

Andrew Tromans
+44 20 3580 4715
atromans@willkie.com

Jennifer Tait
+44 20 3580 4729
jtait@willkie.com

Kirsty Maclean
+44 20 3580 4828
kmaclean@willkie.com

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