

Publishing insurer solvency statistics – request for feedback

22 October 2019

The Reserve Bank plans to commence regular publication of insurer solvency statistics sourced from licensed insurers' submitting the [Insurer Solvency Return](#).

We are interested in receiving your feedback on the proposed publication of insurer solvency statistics, specifically on the following:

- *Publishing **entity level** data on 4 measures that are currently publicly disclosed.*
 1. Actual solvency capital
 2. Minimum solvency capital
 3. Total solvency margin
 4. Solvency ratio

- *Potential future scope of solvency statistics*

Please provide your feedback to stats-info@rbnz.govt.nz by Friday 8 November 2019.

We appreciate your time and effort in completing survey returns, and look forward to receiving your feedback on the proposed publication strategy.

Thank you.

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Background

The Reserve Bank of New Zealand (RBNZ) is the prudential regulator and supervisor of all insurers undertaking insurance business in New Zealand (NZ), and is responsible for administering the [Insurance \(Prudential Supervision\) Act 2010](#) (IPSA).

In 2015 the Reserve Bank introduced [regular data collections from New Zealand licensed insurers](#) to support the Reserve Bank's own prudential supervision under IPSA and monitoring of the financial sector as mandated by the [Reserve Bank of New Zealand Act 1989](#).

Table 1: New Zealand insurer data collections (summarised)

Data return	Main purpose	Description	Respondents	Reporting requirements
Insurer Return	Prudential	Financial & exposure data	All NZ licensed insurers	6-monthly / annually Due 4 months after reference period
Quarterly Insurer Survey (QIS)	Statistical	Financial & exposure data as for Insurer Return but generally reduced detail	Insurers exceeding size criteria	Quarterly Due 40 working days after reference period
Insurer Solvency Return (ISR)	Prudential	Solvency position under NZ requirements	All NZ licensed insurers	6-monthly Due 4 months after reference period

Publishing entity level data

The Reserve Bank proposes to publish entity level solvency statistics derived from the Insurer Solvency Return (ISR). The ISR is a prudential survey that collects half-yearly solvency data from insurers that have New Zealand solvency requirements. Branches of insurers in exempt jurisdictions are not required to perform NZ solvency calculations, hence will not be covered in this publication. As at July 2019, the ISR collection covers 58 insurers.

We currently publish selected aggregates sourced from the Quarterly Insurer Survey (QIS) on the RBNZ statistics website. This proposed solvency publication will be the first set of entity level data that we publish for insurers. The publication will be guided by feedback from stakeholders.

There are 4 solvency statistics we propose publishing:

1. Actual solvency capital
2. Minimum solvency capital
3. Total solvency margin
4. Solvency ratio

These measures are currently required to be publicly disclosed by insurers on their websites and financial statements. Our proposal will see this publicly disclosed individual solvency data in one place on the RBNZ website. Providing these solvency statistics will address the need from stakeholders to find and compare solvency information across insurers. Solvency requirements not intended to be published currently (e.g. by life or non-life fund) could be published in the future.

Data quality

We intend to publish the data as it is submitted in the ISR. We would like to consult with insurers as to how this data is derived and reported.

Publication timing

We propose to publish the solvency statistics quarterly. There will be a lag for the publication as the ISR is due 4 months after the reference period. Publication will be no later than 5 months after the reference period.

Presentation

The statistics will be published on the RBNZ website. Information will be provided to explain the coverage and definitions (please see the Appendix for definitions). Please see Table 2 for an outline of the proposed publication. It is proposed data is presented in a manner that distinguishes between life and non-life insurers to assist comparisons.

Potential future scope of solvency statistics

Currently we have no plan to publish further solvency statistics but would like to hear feedback from stakeholders to guide future publication too.

Feedback

1. How do you derive and report data in the ISR? Are you confident of the data quality?
2. Do you have any feedback/comments on the content of the proposed publication?
3. Do you believe that the proposed publication covers your / users' needs?
4. What do you consider of importance to enhance the proposed publication?
5. There is much variation in entity level solvency ratios. Given this, what contextual information do you require to be provided along with the data to aid interpretation?
6. Do you have any future recommendations for the publication of solvency data?

Please provide your feedback to stats-info@rbnz.govt.nz by Friday 8 November 2019.

Table 2: Proposed insurer solvency statistics publication

Life Insurers

		Actual solvency capital	Minimum solvency capital	Total solvency margin	Solvency ratio
		A. Actual solvency capital	B. Minimum solvency capital	C. Total solvency margin (A-B)	D. Solvency ratio (A/B*100)
Notes					
Unit		000s	000s	000s	%
Series Id	Institution				
Date	Insurer 1				
Date	Insurer 2				
Date	Insurer 3				
Date	Insurer 4				
Date	Insurer 5				

Non-life Insurers

		Actual solvency capital	Minimum solvency capital	Total solvency margin	Solvency ratio
		A. Actual solvency capital	B. Minimum solvency capital	C. Total solvency margin (A-B)	D. Solvency ratio (A/B*100)
Notes					
Unit		000s	000s	000s	%
Series Id	Institution				
Date	Insurer 1				
Date	Insurer 2				
Date	Insurer 3				
Date	Insurer 4				
Date	Insurer 5				

Appendix: Definitions

These definitions have been drawn from the definitions used in the ISR and solvency standards.

Actual Solvency Capital

Actual Solvency Capital means Capital minus Deductions from Capital. Please see the [solvency standards](#) for full definitions. This measure is for the entity as a whole.

Minimum Solvency Capital

For life: Minimum Solvency Capital is calculated as the excess (if any) of the Total Solvency Requirement over the sum of the Policy Liabilities plus Other Liabilities at the balance date.

For non-life: Minimum Solvency Capital is calculated as the sum of the risk capital charges.

Please see the [solvency standards](#) for full definitions. This measure is for the entity as a whole.

Solvency Margin

Solvency Margin is the excess of Actual Solvency Capital over Minimum Solvency Capital. This measure is for the entity as a whole.

Expressed in New Zealand dollars [millions].

Solvency Margin (\$000s) = [Actual Solvency Capital] - [Minimum Solvency Capital].

Solvency Ratio

Solvency Ratio is the Actual Solvency Capital divided by the Minimum Solvency Capital. This measure is for the entity as a whole.

Expressed as a percentage.

Solvency Ratio (%) = [Actual Solvency Capital] / [Minimum Solvency Capital].