

Summary of submissions on Collection of NZ insurer data

The Reserve Bank of New Zealand has reviewed the submissions received in response to the recent consultation on establishing a regular collection of NZ insurer data. This paper presents the summary of submissions along with the Reserve Bank's response.

The Reserve Bank welcomes comments and enquiries about this paper by 12 December 2014. These should be addressed to:

Attention:
Steffi Schuster
Project Manager, Insurance Sector Data Collection
Macro-Financial Department
Reserve Bank of New Zealand
PO Box 2498
Wellington 6140

Email: InsuranceData@rbnz.govt.nz

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1 Summary

1. The Reserve Bank is the prudential regulator of the New Zealand insurance industry. To better meet the Reserve Bank's data needs a regular data collection is required. The Reserve Bank recently consulted on a proposal for the data collection.
2. The Reserve Bank would like to thank all stakeholders for their feedback and their commitment to the data collection.
3. Following the review of the submissions the Reserve Bank has made the following decisions:
 - In principle, all New Zealand licensed insurers will be required to report financial, exposure and solvency data to the Reserve Bank in a prescribed format on a regular basis.
 - The reporting requirements for individual insurers are determined by various criteria. This is to balance the cost of reporting with the objectives of the data collection.
 - All NZ licensed insurers (except insurers with reinsurance as the only kind of insurance business in New Zealand) with gross annual premiums above \$50 million and/or total assets of more than \$500 million (in respect of their New Zealand entity) will be required to report basic financial and exposure data quarterly. The purpose of the quarterly survey will be to enable timely sector-level monitoring and publication of statistics.
 - In principle, all NZ licensed insurers will be required to report financial, exposure and solvency data six-monthly for the purposes of prudential supervision. Detailed reporting requirements will be confirmed in early 2015.
 - To allow more time to consider concerns raised in relation to some aspects of the proposed data collection, the Reserve Bank has decided to revise the implementation timeline for the data collection. Practice submissions will commence in early 2015 (not in 2014 as indicated in the consultation paper).
 - The Reserve Bank has reviewed the comments received on the proposed Quarterly Insurer Survey and has made changes. Insurers subject to this survey are invited to participate in a voluntary practice submission ahead of a compulsory practice submission. Both submissions will be on a best endeavours basis.
 - The voluntary practice submission is planned for February 2015, followed by the compulsory practice submission in May 2015. The Reserve Bank will run workshops with insurers to support this process.
 - The Reserve Bank plans to gradually introduce the new Insurer Solvency Return in early 2015. No practice submission is required.
 - The Reserve Bank requires more time to review the Insurer Return. An updated version of the data template along with supporting material is expected to be released in February. Following this release, insurers will be requested to participate in practice submissions on a best endeavours basis.
4. The Reserve Bank welcomes comments on this paper by 12 December 2014.

2 Background

5. In August 2014, the Reserve Bank announced its intention to establish a regular collection of data from licensed insurers to help fulfil its role under IPSA as regulator and supervisor of individual insurers carrying out business in New Zealand. The Reserve Bank requires this data for the purposes of promoting the maintenance of a sound and efficient insurance sector, and public confidence in the insurance sector. It also requires data to help meet its obligations under the Reserve Bank Act to report on the soundness and efficiency of the financial system and on any policy measures it undertakes to achieve its statutory prudential purposes.
6. Between 27 August and 8 October 2014, the Reserve Bank consulted on a proposed data collection from NZ licensed insurers. As part of the consultation, the Bank provided draft data templates for comment. This included draft templates for:
 - An Insurer Return
 - An Insurer Solvency Return
 - An Insurer Solvency Exempted Return
 - A Quarterly Insurer Survey
7. In total 32 written submissions were made. Of these submissions, 24 were from insurers, four from representative organisations and four from other stakeholders, including Statistics NZ.
8. The Reserve Bank also conducted workshops with industry participants in both Wellington and Auckland during September and the feedback received from those workshops has also been carefully assessed along with the written submissions.
9. The Reserve Bank appreciates the feedback received and the time and effort submitters have taken to provide comprehensive and detailed submissions. The information received is being reflected in a range of modifications to the original proposals and the data templates.
10. Section 3 of this paper summarises the feedback received on 19 questions contained in the consultation paper and provides the Reserve Bank's assessment on the various issues raised. The section describes some changes to the proposed data collection that we are making in light of the feedback received, including changes to the template for the Quarterly Insurer Survey. Where issues require further work, this is noted accordingly. Section 4 of the paper provides an updated timeline with the next steps for the data collection.
11. To ensure confidentiality, no individual submissions are quoted in the summary provided in this paper.

3 Summary of feedback received

Project timeline

12. The consultation paper proposed that the regular collection of data would begin in the first half of 2015. Prior to regular collection, practice submissions would be run from November 2014.
13. The paper also noted that insurers subject to the data collection will be issued a notice under section 121 IPISA to formalise their reporting requirements once the Reserve Bank has finalised the data collection.

Question 1: Do you have any comment on the proposal to require all insurers to provide a practice submission?

14. Most insurers signalled their willingness to participate in the practice submissions as this ensures good understanding of the data requirements. Some insurers suggested that the practice submission should be based on final data templates whereas other insurers indicated that they would expect the Reserve Bank to be open to feedback and potential changes following the practice submission.
15. With few exceptions, submitters suggested that more time leading up to the practice submission will be required. This was justified mainly on the grounds that insurers need more time to plan and allocate resources to participate in the practice submission. Estimates for the additional time required range from two to nine months.

Question 2: Do you have any comment on other aspects of the expected path to implementation?

16. The submissions included a number of suggestions for phasing in the data collection at a pace and time that considers insurers' existing reporting requirements. For example, it was suggested that for those insurers that are subject to the Quarterly Insurer Survey, the first return should be for a period when no other reporting is due.
17. Another suggestion was that the Reserve Bank implements a less frequent or less granular data collection for a limited period to assist the industry in transitioning to the new data reporting requirements.
18. Comments were also made that sufficient time needs to be allowed between the practice submission, the release of the final templates and the issue of notice that regular reporting is to begin. This was partly to allow the Reserve Bank sufficient time to consider any issues raised and to review and modify the templates accordingly.

Reserve Bank Response

19. The Reserve Bank agrees that adequate time is needed to enable the industry to participate in the practice submissions and for the Bank to review and respond effectively to any issues that may be raised. The Bank also recognises the challenges some insurers could face in meeting data requirements given other reporting commitments.

20. Some changes to the proposed timing of the collections are being made in order to help ease reporting burdens and provide a longer transition time for insurers. These changes are set out later in this paper. We are also looking to lengthen the timeline for the introduction of the Insurer Return (with regular delivery now expected to occur later in 2015), which will result in a longer transition period before all the collections are in operation.
21. The practice submissions are expected to give insurers a clearer picture of the time and effort required to complete the data templates. Insurers will be able to better estimate resources required for any system work, and solutions to meet the data needs. Insurers having difficulties in providing the requested data are expected to contact the Reserve Bank so that individual arrangements can be discussed if required.
22. The Reserve Bank expects that the reporting of solvency data in the new solvency templates will be introduced from early 2015 in line with insurers' respective half-yearly reporting requirements. For example, for insurers with a financial year starting on 1 April, the first six month period covers April to September 2015 and the solvency return is due at the end of January 2016.

Objectives of data collection

23. The consultation paper noted that the Reserve Bank needs to regularly collect critical data to help fulfil its role under IPISA as regulator and supervisor of individual insurers carrying out business in New Zealand. It also seeks data to help meet its obligations under the Reserve Bank Act to report on the soundness and efficiency of the financial system and the measures undertaken by the Reserve Bank to achieve its statutory prudential purposes.
24. The objectives of the proposed data collection are to:
- obtain critical data on a regular basis from New Zealand licensed insurers;
 - design a collection that is both efficient and informative for insurers and the Reserve Bank;
 - achieve standardisation to enable comparisons and aggregation;
 - publish data in summary form that is informative for a range of users.

Question 3: Do you have any comments on the objectives of the data collection?

25. Commentators expressed their support for the objectives. There were a couple of suggestions on how to achieve the objectives differently.
26. The comment was made that the proposed data request was too granular. For some data providers this results in difficulties reporting accurately and it was noted that this is likely to impact on data quality. With regards to interpreting information, some submitters suggested that less granular data would still be sufficient to meet the Reserve Bank's information needs.
27. Many submissions highlighted the need for consistent use of definitions to ensure comparability of data across the industry.
28. Another point raised was that standardisation of data across the various insurance business types can result in definitions that are in conflict with normal insurance business practice. This could potentially undermine the quality of any data that is

collected and require insurers to provide data in a form not otherwise required for business purposes. It was suggested that some concepts in the proposal apply well to life insurance but are less applicable to non-life insurance.

29. Some commentators said that they would find it useful to understand what the Reserve Bank will publish.
30. Some submissions refer to the industry body data collections. For many insurers these are existing reporting requirements. Some suggest that the Reserve Bank data collection should be closely aligned with these to minimise burden. Others point out that the industry coverage of these surveys is greater than the thresholds suggested by the Reserve Bank for quarterly reporting.

Reserve Bank Response

31. The Reserve Bank is reviewing the proposed data templates in light of the industry's comments around granularity. Where possible, attempts are being made to rationalise the templates if the Bank is satisfied that doing so will not compromise the objectives of the data collection. In the case of the Quarterly Insurer Survey, a revised template is being released with this consultation document and contains less detail than was originally proposed.
32. The Reserve Bank is also reviewing terminology, concepts and the presentation of data to better align with different industry practice. However to maximise efficiency in the data collection the Reserve Bank will aim to maintain a high level of standardisation and keep the number of data templates to a minimum.
33. The Reserve Bank is reviewing data definitions for all four templates and intends to provide further clarification to minimise the room for ambiguity.
34. The Reserve Bank is in the process of developing a publication plan. Receiving some initial views from stakeholders as part of this consultation has been useful. However, the Bank does not expect to finalise its views on what may be published until each of the data collections is underway.
35. The Reserve Bank has reviewed existing data sources and found that its data needs do not always align well with what other organisations collect. The Reserve Bank is committed to minimising respondent burden but does not believe that adopting existing industry collections is a viable option.
36. The purpose of the Quarterly Insurer Survey will be to collect sufficiently standardised data in a timely manner. The data will be aggregated and used for monitoring the industry as a whole. The published statistics will include estimates for all insurers not subject to the quarterly data collection. This is discussed further under question 7.

Question 4: What are your expectations of published data? Is there any data that you think the Reserve Bank should, or should not, publish? Please be specific and explain why.

37. With one exception all submissions stated that they expect that individual company data is not disclosed.

38. Suggestions for meaningful statistics include: gross and net premium and claims, lapses, in force, new business by product; loss ratio, profit, net assets, and average solvency. Many insurers raised expectations that the published data will allow the industry to benchmark their performance and position (e.g. market share). They also noted that data also needs to be sufficiently timely and detailed to be relevant.
39. Comments were also made on some data items and groupings that should not be published as doing so could be misleading for users.
40. It was also suggested that data should be released along with commentary to provide context and assist interpretation by users.

Reserve Bank Response

41. The Reserve Bank is aware of the commercially sensitive nature of the information that is requested.
42. The Reserve Bank plans to publish summary results from the data collection. Details of the published series have yet to be developed. The Reserve Bank will engage with insurers ahead of the first release. The Bank agrees that published data needs to be robust and meaningful. The Reserve Bank will use statistical techniques to provide informative quarterly statistics on the industry. In addition, publishing results from the six-monthly Insurer Return will be explored in future.

Security of individual responses

43. The data collection will be managed by the Statistics Unit at the Reserve Bank. Data and information provided by individual insurers is confidential and only accessible to Reserve Bank staff for the purpose of processing the data and using it for supervision and prudential analysis.

Question 5: Do you have views or concerns regarding submission of data, security or use in publications?

44. Comments were mainly on the use of data in publications. Insurers expect data to be published as aggregates, protecting individual insurers' confidentiality.
45. Some submissions queried whether the final data templates will have protected cells to ensure that respondents do not attempt to amend the wrong cells. They also asked whether insurers would be permitted to amend the templates.
46. There were also questions as to whether additional files can be submitted using the secure upload facility.
47. A submitter enquired whether data provided as part of the data collections would be subject to potential release under the Official Information Act.

Reserve Bank Response

48. The Reserve Bank accepts that individual insurers may want to make amendments to the templates. The Reserve Bank will not send templates to each insurer ahead of their reporting deadlines. All data templates will be available on the Reserve Bank's website. The data requested must be provided in the prescribed format. It is acceptable for insurers to add tabs to the excel spreadsheet and link to cells in other tabs. However, insurers will be responsible for the data in the prescribed part of the spreadsheet, which is not to be changed.
49. The Reserve Bank confirms that the secure upload facility for uploading the completed data templates can also be used for submitting additional files, even if these are of different format. Detailed instructions for the use of the Reserve Bank's secure upload facility will be provided.
50. Data provided to the Bank in the templates will be collected under section 121 of the Insurance (Prudential Supervision) Act 2010 and protected by section 135 of the same Act.

Proposed reporting schedule

51. The consultation paper proposed that all insurers will be required to submit a half-yearly and annual return to the Reserve Bank. In addition, insurers exceeding set thresholds would be requested to participate in a quarterly survey. Different reporting schedules and sign off requirements were proposed for the Quarterly Insurer Survey and the half-yearly and annual Insurer Return and Solvency Return.

Question 6: Are the proposed reporting frequencies and schedules (including standard reporting dates for the quarterly survey) reasonable?

52. The reporting requirements received a significant number of comments expressing diverse views. While some insurers requested data reporting to be limited to once a year, others suggest that all insurers should be required to report quarterly.
53. Most submissions confirm that the proposed reporting frequency and schedule for the half-yearly and annual Insurer Return and Solvency Return are reasonable.
54. There were mixed views on the Quarterly Insurer Survey. In some submissions the purpose and usefulness was acknowledged but submitters suggested that the shorter reporting timeframe will result in a high workload at the time when the half-year and annual accounts and reports are being prepared.
55. The congestion of work can arise for insurers twice a year as the half-yearly and annual returns are due four months after the end of the reference period and the quarterly survey is due for the following period two weeks later.

Figure 1: Proposed reporting schedule

Example: Financial year balance date 31 December				
	January – March	April – June	July - September	October - December
Quarterly survey due	Mid-February for December quarter	Mid-May for March quarter	Mid-August for June quarter	Mid-November for September quarter
Insurer and solvency return due		End of April for January to December		End of October for January to June

56. Many submissions included comments on either removing the quarterly reporting altogether, or alternatively, lowering the thresholds to significantly expand the range of insurers covered. The request to drop quarterly reporting was mainly linked to the workload expected at the time of mid-year and end of year reporting.
57. Some submitters proposed that the requirement for the quarterly survey in the full year and half year quarters, be removed.

Reserve Bank Response

58. The reporting requirements for the annual and half-yearly Insurer Return and Solvency Return will be confirmed when the review of these returns has been completed. An update will become available in February 2015. In the meantime the expectation remains that all NZ licensed insurers will be subject to half-yearly and annual reporting.
59. The purpose of the Quarterly Insurer Survey is to enable the compilation of timely sector-level aggregates for monitoring and analysis of the insurance sector. Publication details still need to be confirmed but as previously indicated the Reserve Bank plans to publish statistics in a timely manner. The objective of timely quarterly statistics cannot be achieved if the reporting period for quarterly data is significantly expanded. It is also not possible to derive aggregated statistics for a set point in time from the six-monthly Insurer Return as the reporting schedule is aligned with individual insurers' balance dates.
60. The Reserve Bank acknowledges the tension between the work required for preparing the half-yearly and annual returns and the quarterly survey. In response to the feedback received the Reserve Bank has revised the proposed reporting period for the quarterly survey from six to eight weeks, and has cut back on the volume of data requested in this survey.
61. In the consultation paper, the Reserve Bank noted that reporting dates need to be standardised to enable comparability. We remain of the view that the quarterly survey should collect data for standard reporting periods, with the quarters ending on 31 March, 30 June, 30 September, and 31 December. For respondents with balance dates that do not align with the standard quarters alternative arrangements can be discussed with the Reserve Bank.

Question 7: What are your thoughts on the content of the proposed quarterly survey and the quality of the data collected?

62. A number of submitters viewed the content of the proposed Quarterly Insurer Survey as too granular in some parts. The main area of concern was the proposed reporting on investments by line of business and exposure data. There were also comments on too much standardisation in the set-up of the data template.
63. A number of submissions commented on the Reserve Bank's proposal that only insurers with gross annual premium above \$100 million or total assets of \$500 million or more will be required to complete the quarterly survey. Commentators suggested that more or all insurers should be subject to quarterly reporting, which would result in better quality statistics.
64. The submissions confirmed that insurers have management and/or administrative systems for monthly and quarterly reporting in place. The limitations of using management accounts for quarterly reporting of financial information were raised in some submissions. This reflected concern about workload as attempts to reconcile quarterly figures with statutory accounts will take significant time and effort, as well as about the quality of the published aggregated statistics.

Reserve Bank Response

65. The main objective of the quarterly survey is to compile industry aggregates which allow for monitoring and analysing trends in the insurance sector. The six-monthly returns provide the Reserve Bank with a more efficient way of assessing individual insurers. The Bank remains of the view that the purpose of the quarterly survey cannot be achieved using the six-monthly returns, particularly given the time lag on the data being available.
66. Industry bodies achieve a greater coverage of insurers than the proposed threshold for the Reserve Bank's Quarterly Insurer Survey. This appears to be impacting the perception of the quality of aggregate data that will be published reflected in requests by some insurers to greatly expand the number of insurers subject to the quarterly survey.
67. The Reserve Bank is conscious of respondent burden. In the light of the feedback received and statistical techniques available to maintain the quality of sector-level statistics, the Reserve Bank has reviewed the selection criteria for the Quarterly Insurer Survey.
68. The Reserve Bank's analysis suggests that achieving industry coverage of approximately 90 per cent with regards to gross annual premiums and total assets is sufficient to capture industry movements in the quarterly statistics. The Reserve Bank is revising the previously proposed premium threshold from greater than \$100 million down to \$50 million or greater. This will result in a larger number of insurers subject to quarterly reporting. The Reserve Bank will closely monitor data quality and may review these thresholds in future.
69. The Reserve Bank does not believe there is a need to request quarterly reporting from all NZ licensed insurers to achieve the objectives of the data collection. As is commonly the case with many statistical collections, imputation techniques can be applied to obtain estimates for those smaller insurers not reporting quarterly. These techniques will use the data reported six-monthly as a benchmark.

70. More information on maintaining the quality of the quarterly statistics will be made available as the publication plans become more certain. The practice submissions will assist the Reserve Bank in developing a strategy, which also includes testing for protecting confidentiality of individual respondents in the aggregate statistics.

71. The Reserve Bank has not finalised the detailed publication plan for any statistics yet. However in terms of the scope of the quarterly data collection, the decision has been made to narrow reporting to providers of primary insurance in New Zealand. Insurers whose only insurance business in New Zealand is re-insurance will not be subject to quarterly reporting.

Figure 2: Revised reporting requirements for insurers

Data request for	Quarterly	Half-year	Annual
Finances and exposures	Insurer with gross annual premium above \$50m or total assets of \$500m or more Excluding insurers that only have reinsurance business in NZ	All insurers	All insurers
Solvency	None	All insurers*	All insurers*

*All insurers that are subject to NZ or home jurisdiction solvency requirements.

72. The Reserve Bank acknowledges the trade-off between accuracy and timeliness. The submissions confirmed that while management accounts and other administrative systems can be used as the basis for reporting there are some shortcomings. The Reserve Bank intends to discuss these at the workshops supporting the trialling and implementation of the Quarterly Insurer Survey. The Reserve Bank will monitor the quality of quarterly reporting and may follow up with individual respondents to assess options for improvements.

73. The Reserve Bank does not expect insurers to produce a full reconciliation of the quarterly, and half-year and annual returns. However as part of the data quality strategy Reserve Bank staff may contact insurers to discuss any significant discrepancies.

Proposed attestation and sign-off requirements

74. In the consultation paper, the Reserve Bank outlined expectations for the data quality in the respective survey and returns. The sign-off requirements mirror these expectations. The half-yearly and annual Insurer and Solvency returns were to be signed off by the CEO. The solvency standards would continue to require the appointed actuary to calculate or review the solvency results that are reported in half-year and annual solvency returns (additional requirements apply at financial year end).

75. The Reserve Bank did not propose any formal sign-off or attestation for the quarterly survey but noted that it would ask for the contact details of the senior executive responsible for the data submission.

Question 8: Do you have any comment on the proposed sign-off requirements and attestations?

76. The proposed sign-off requirements were accepted as appropriate. Requests were made to give more practical flexibility for the annual and half-year return on occasions when the CEO is not available.
77. Some insurers noted that while the Reserve Bank did not propose formal sign-off of the Quarterly Insurer Survey they will establish an internal sign-off and attestation process to ensure the expected level of accuracy and integrity.
78. Some submitters suggested that a materiality threshold be established for the sign-off of data (e.g. a given parameter being within X% of its true value). They also requested that the sign off process does not apply to areas of the surveys where there are known limitations in the quality of the data.

Reserve Bank Response

79. The Reserve Bank agrees that flexibility around sign-off arrangements for the half-yearly and annual returns is desirable when the CEO is not available. The Bank intends to allow an insurer's CEO to delegate sign off to appropriate senior managers such as the Chief Financial Officer, Chief Operating Officer, Chief Risk Officer or equivalent as appropriate for the respective insurer. The accountability for the prudential returns remains with the CEO.
80. The sign-off requirements do not replace any existing attestation requirements such as the solvency attestations etc. specified in the licensing conditions.
81. The Reserve Bank welcomes the intention on the part of some insurers to establish their own internal data governance and quality assurance processes for the quarterly survey. Such practices are expected to contribute to the quality of the industry statistics provided by the survey.
82. The Reserve Bank acknowledges that a reconciliation of the quarterly data and the other returns is not achievable within the set reporting timeframe and that no such reconciliation will be required.
83. The Reserve Bank expects to be advised of any difficulties insurers face with the provision of data.
84. The Reserve Bank will consider adopting guidelines for materiality thresholds for the provision and sign off of data.

Revising submitted data

85. The consultation paper outlined the Reserve Bank's expectation with regards to respondents discovering errors in the returns provided. Given the use of the half-yearly and annual returns (Insurer Return and appropriate Solvency Return) for prudential supervision, it is proposed that insurers advise the Bank as soon as is practical of any errors and follow up that notice by providing updated/corrected data.

86. In the case of the quarterly survey, some trade-off in data accuracy was acknowledged, particularly given the timeliness of the proposed survey. However, the Bank suggested that insurers should endeavour to inform the Reserve Bank if they become aware of material errors in the data or other issues that could undermine its value and/or mislead users. The Reserve Bank would then discuss the issue with the insurer and confirm if resubmission is required. Assessing the impact on the published aggregates would be one criterion for potential resubmission.

Question 9: Do you have any comments regarding the process for correcting and updating previously submitted data?

87. The process was either not commented on or acceptance expressed. Some insurers suggested that it would be useful to have thresholds for what constitutes “material change”.

Reserve Bank Response

88. The Reserve Bank will consider introducing guidelines to clarify what might be meant by a “material change”. However, the Bank would still encourage insurers to contact the Reserve Bank if they have any concerns about the quality of data provided.

89. The Reserve Bank will perform basic data quality assurance for all submissions and follow up with respondents if discrepancies or unusual trends are detected. This may result in a request for confirmation that the data is correct and/or more commentary to explain the data. It is expected that respondents will answer the information request promptly. While no timeline will be specified any queries raised on quarterly data are expected to be dealt with ahead of the upcoming publication date. If this is not possible an agreement will be made on an alternative timeline.

90. The Reserve Bank acknowledges that resubmission of data involves a potential cost to insurers and will not request quarterly data to be re-submitted unless required to maintain the integrity of the sector-level aggregates. Unusual data reported in the Quarterly Insurer Survey may result in follow up questions by the Statistics Unit or the assigned supervisor.

91. The half-yearly and annual returns will enable consistency checks with the quarterly data. The main purpose of the returns is for individual insurer prudential supervision. However the data will also be used for quality assurance purposes for the sector-level statistics as appropriate.

92. All financial figures in the half-yearly and annual returns should be able to be reconciled to relevant financial statements or to the alternative financial information. A full reconciliation will not generally be required but is expected to be available on request.

93. The burden on resources around the time of the annual and half-year return and the Quarterly Insurer Survey due to the Reserve Bank is acknowledged as a concern. We expect that priority is given to the six-monthly and annual returns.

Templates

94. Along with the consultation paper the Reserve Bank provided drafts templates for the Quarterly Insurer Survey, and the half-yearly and annual Insurer Return and Solvency returns. We requested feedback on each of the templates.

Question 10: Do you have any comments on the structure of the data collection?

95. The allocation of some items such as investment income and assets, and some exposure data by line of business were raised as challenging in some submissions..

96. Commentators also highlighted data items that are difficult to obtain, for example some exposure development analysis.

97. The need for consistent definitions was raised along with requests to clarify specific data items and guidance on dealing with bundled products and co-sharing arrangements.

98. Comments were also made on the presentation of life and non-life/general accounting which was perceived as confusing.

Reserve Bank Response

99. The Reserve Bank has been reviewing the draft templates based on the feedback received in the consultation. This review also takes into account advice on questionnaire design matters received through bilateral meetings with insurers.

100. A revised Quarterly Insurer Survey template is being released with this summary of submissions. We expect to release revised templates for the Insurer Return in February 2015. The Reserve Bank welcomes any further comments from insurers on the revised templates. As noted earlier, the practice submission process will provide a further test on the coherence of the templates.

101. The accounting presentation issue is being considered. We note that there are some insurers that have a mismatch between their accounting treatment for their financial statements (and solvency calculations) and the type of insurance they write. The arrangements that will be put in place need to meet the data collection's objectives.

Question 11: Would it be easier for you to provide the same granularity of data in the quarterly survey as the annual return?

102. The overall tenor from the submissions on this question was that consistency between the returns is important but that the quarterly survey should remain less granular than the annual return.

Reserve Bank Response

103. The Quarterly Insurer Survey template has been revised in light of comments received and remains less granular than the half-yearly and annual Insurer Return.

Costs of data provision

104. The consultation paper acknowledged that the provision of data will involve costs for individual insurers. The design of the proposed data collection framework attempts to minimise these costs to the extent possible.
105. The Reserve Bank noted that some insurers may need to invest in reporting systems to enable regular submission of data at lower ongoing cost compared to dealing with data submissions on an ad hoc basis.
106. In addition to issuing guidelines, the Reserve Bank noted its intention to use workshops to provide guidance on interpreting the data items requested in the templates and on other reporting matters.

Question 12: Please provide an estimate of how much cost (time and effort) is likely to be required to set up systems for regular reporting to the Reserve Bank based on the proposal.

107. Insurers have provided initial cost estimates based on the data collection as proposed in the consultation. These estimates vary significantly from very little cost to significant investments required based on the individual insurer's circumstances and reporting requirements. Where significant investment is required submitters estimate that the process may take between two months to one year to be completed.

Reserve Bank Response

108. The Reserve Bank strongly encourages the set-up of automated reporting tailored to the data templates as a way of reducing the data reporting compliance burden. The Bank acknowledges that the time and effort required to achieve automatic reporting will vary significantly for insurers. However, the Reserve Bank does not intend to set formal requirements for automated reporting.

Question 13: Can you use existing reporting systems?

109. Insurers commented that they can use existing reporting systems but additional data and customisation are required. The extent of the additional work varies as discussed above.
110. A number of submitters commented that financial and solvency data was more easily available in the requested format. In some submissions, it was noted that reconciliation between different reporting systems would be challenging.
111. Some insurers provided detailed feedback on this question and identified the proposed data items that go beyond the availability of data in their existing system.

Question 14: What is your estimate of the ongoing, regular reporting cost (assuming systems for regular reporting are in place)?

112. The responses to this question vary similar to the estimated set up costs discussed above. Estimates of the ongoing cost depend on the complexity of business, existing or new reporting systems and internal data governance processes.

Reserve Bank Response

113. The Reserve Bank has carefully reviewed the feedback on existing reporting systems and has been undertaking amendments to the data templates to better balance cost on the data provider and meeting critical data needs.

114. The Reserve Bank expects to review the proposed data collection in future to determine whether the objectives and benefits are being achieved. The cost to insurers of reporting data will be an important consideration of such a review. We request that time taken to complete each data template is recorded in every submission. This question is part of the data templates. Please only record the time required for completing the data templates. Do not include estimates for meeting regulatory requirements such as the solvency calculations.

Question 15: Do you have suggestions for further reductions to the compliance cost?

115. The submissions indicate that compliance cost will be less in cases where the requested data items align well with existing reporting systems. It is evident from submissions that the reporting systems in place across the industry vary significantly.

116. The Reserve Bank is aware that alignment with existing reporting requirements such as to the industry bodies and Statistics New Zealand would ease the burden. The Reserve Bank aims to align where appropriate. However this ambition is limited by meeting respective data needs which are different for each organisation.

117. Many insurers noted that in order to achieve operational efficiency with regards to completing the data templates investment is required. Comments were made on the usefulness of participating in the practice submissions along with workshops and similar arrangements for guidance on interpreting data requirements and templates. Some insurers indicated that once the data collection is formally underway they are looking to complete amendments to their respective reporting systems.

118. De-scoping the Quarterly Insurer Survey was raised as one option for reducing compliance cost. Another suggestion was to cut back the level of granularity of data requested in the annual and half-yearly return.

Reserve Bank Response

119. The Reserve Bank appreciates the suggestion made and is reviewing these carefully. The presentation of the data requested in the templates is changing.

120. The Quarterly Insurer Survey has been reviewed. As a result of the review the content has been de-scoped and the presentation changed. The Reserve Bank is also extending the reporting period from the originally proposed six to eight weeks. The new Quarterly Insurer Survey template is available for feedback.

121. The review of the half-yearly and annual Insurer Return is under way. We are planning to release the updated version for feedback and testing in February 2015.
122. Once implemented the Reserve Bank aims to keep changes to the templates minimal. Some changes will be unavoidable though and be managed with as much notice and consultation as possible.

Definitions

123. In the consultation paper, the Reserve Bank outlined the need for consistent definitions and reporting dates. This notion is well accepted and submissions commented that these are a key requirement for a meaningful data collection and the subsequent publication of data.

Question 16: Do you have any comments on the overall coherence of the data collection?

124. In addition to tight definitions some commentators suggested that the purpose of the data requested is more clearly articulated.
125. Better tailoring of the definitions to the different types of insurance was suggested. This may reduce standardisation but increases the meaning of data items in their respective industry context.

Question 17: In your view, how do the definitions align with your firm's or industry practice?

126. Overall comments suggested that the alignment was reasonable but there are areas for improvement. For example, some commentators suggested closer alignment of definitions where applicable to those used in the industry bodies' data collections.
127. Questions were raised concerning the definitions of exposure data. In many instances further clarification is requested on how to interpret the definitions or how to treat particular products. In some cases the breakdown requested for reporting on changes in exposure were raised as unaligned with current practice.

Reserve Bank's response

128. The Reserve Bank appreciates the comments received and is looking to align definitions more closely with industry practice while maintaining a degree of standardisation. The Reserve Bank aims to develop a comprehensive set of definitions and guidelines over the next few months and plans to engage with respondents in this process.

Question 18: Do you have any comments on any of the data items in the surveys?

129. The points raised under this question are already covered in other parts of this paper. The Reserve Bank appreciates the detailed comments provided.

Question 19: Do you have any other comments on the proposed data collection?

130. Given the complexity of the data collection insurers said that they regard this as a major exercise and indicated that they seek engagement with the Reserve Bank throughout the duration project.

Reserve Bank's response

131. The Reserve Bank acknowledges the time and effort required to participate in the implementation of an ongoing regular data collection. We are planning to engage with the industry and other stakeholders on a regular basis throughout the process.

4 Next steps

132. Interested parties are welcome to comment on the changes made to the data collection by 12 December.

The Quarterly Insurer Survey

133. The Reserve Bank has released the revised Quarterly Insurer Survey along with this paper. Comprehensive supporting material including definitions and guidelines have yet to be fully developed. A draft will be made available in January 2015.

134. The main changes to the Quarterly Insurer Survey include:

- Change in presentation and order of data requested in the template
- Removal of investment information by line of business
- Review of exposure data requested

135. The Reserve Bank invites all insurers subject to the Quarterly Insurer Survey to engage in a voluntary practice submission in the first quarter of 2015. The Reserve Bank plans to run a number of workshops to engage directly with data providers in February 2015.

136. Following the voluntary practice submission the Reserve Bank plans to finalise the Quarterly Insurer Survey.

137. An updated or confirmed version of the survey will be released for a compulsory practice submission. The main objective of this practice submission is to test processes in place. The Reserve Bank is planning to request insurers to report on the March quarter in May 2015.

138. Notice for quarterly reporting is expected to be issued in April 2015 and the regular collection of quarterly data via the Quarterly Insurer Survey will formally commence for the June 2015 quarter.

The Solvency returns

139. The Reserve Bank has recently run a consultation on updating the solvency standards. The new requirements will be finalised over the next couple of months and the licensing conditions of insurers updated as required. The Reserve Bank plans to request insurers to start reporting solvency information in the appropriate data templates on the same cycle. For solvency reporting this is not expected to start before April 2015.
140. The solvency templates will be released by March 2015. No practice submission is required.
141. Insurers are welcome to use the solvency templates once available but it is not compulsory until the date specified on their notice.

The Insurer Return

142. The Insurer Return data template is currently under review. A revised version along with definitions and guidelines is expected to be published in February 2015.
143. Further details with regards to practice submissions and the expected timeline for implementation will be advised at that time.

Figure 3: Updated path to implementation

	Objective	Planned date
Voluntary practice submission of the Quarterly Insurer Survey	Review and refine the draft Quarterly Insurer Survey including definitions and guidelines	From mid-January until late February 2015
Revised Insurer Return template	Confirmation of data template content, reporting requirements, and implementation strategy	February 2015
Final Insurer Solvency Return templates	The final version of the Solvency returns becomes available and notice for collection solvency information via the template will be issued	March 2015
Final Quarterly Insurer Survey template	The final version of the Quarterly Insurer Survey becomes available and notice for collection quarterly data via the template will be issued	30 April 2015
Compulsory practice submission of the Quarterly Insurer Survey	To test processes in place	May 2015
First release of data	Insurance data published on the RBNZ website	2016