

## Collection of NZ insurer data

### March 2015 update on Insurer Return

1. This paper gives an update on the Insurer Return component of the collection of NZ insurer data. The Insurer Return will be required from all licensed insurers to provide specified financial and exposure data in a consistent format to assist the supervision of NZ insurers. Any comments or enquiries about this paper should be emailed to: [InsuranceData@rbnz.govt.nz](mailto:InsuranceData@rbnz.govt.nz)
2. During 2014 the Reserve Bank consulted on establishing a regular collection of NZ insurer data, and a summary of the submissions was published in a [paper](#) in November 2014.
3. Since then the Reserve Bank has, and continues to, work directly with the relevant large insurers to refine the requirements of a Quarterly Insurer Survey which those insurers will use to regularly report in future. An updated Insurer Solvency Return and a new Insurer Solvency Exempt Return were issued in February 2015.
4. This paper sets out the revised draft requirements of the Insurer Return, has a planned path to implementation, and outlines a process for insurers and other stakeholders to provide feedback on the draft requirements.
5. Feedback is due no later than **05 June 2015**, and should be submitted using the secure upload facility at <https://sup.rbnz.govt.nz/send/>, selecting "Insurer Reporting & Returns" as the subject. Please email any questions to [InsuranceData@rbnz.govt.nz](mailto:InsuranceData@rbnz.govt.nz)

## Revised draft requirements

6. We have considered the submissions made in 2014 and more recent feedback given by large insurers in the refinement of the Quarterly Insurer Survey. The draft Insurer Return generally incorporates the feedback we have received.
7. As an example of feedback that has not been incorporated, there were requests to remove the accounting mismatches (such as life insurance accounting terms for general insurance business). This has not been done because it would be burdensome on those insurers that have an accounting mismatch to force a change for reporting purposes, and the data would no longer reconcile with audited figures at full year.

### Changes for insurers in specified circumstances

8. The previous consultation proposed that the Insurer Return be completed twice a year based on financial year end and half-year dates. To be consistent with some exemptions available to insurers in specific circumstances, we are reducing the reporting frequency to annual (at financial year end). This will reduce compliance costs for approximately 25 insurers that are of lower risk to the general public compared to the other insurers. The reduced frequency applies to insurers:
  - a. that maintain the small insurer exemption under Regulation 11(a)(ii), or
  - b. whose only insurance business in New Zealand is reinsurance, or
  - c. that are captive insurers as defined by IPISA.
9. A special form will apply to Lloyd's of London due to their unique character. This form is as consistent as possible with the normal form to facilitate comparisons with other insurers and to allow information to be aggregated and analysed across the entire industry.

### Overview of reporting

10. The table below summarises the insurer data collection reporting requirements.

<b>Large</b> <i>gross premium \$50+m or total assets \$500+m excluding reinsurer only</i>	<b>Default</b> <i>not Large or Reduced</i>	<b>Reduced</b> <i>small, reinsurer only, or captive</i>
Quarterly Insurer Survey @ financial quarters due 40 working days	No QIS	No QIS
Insurer Return @ annual & half-year due 4 months	Insurer Return @ annual & half-year due 4 months	Insurer Return @ annual only due 4 months
Insurer Solvency Return or Insurer Solvency Exempt Return (as applicable) @ annual & half-year due 4 months		

Lloyd's of London – as above but special forms for QIS and Insurer Return

By category the number of insurers is about 30 large, 45 default, 25 reduced.

## Draft content of Insurer Returns

11. A revised draft Insurer Return and Definitions is now available on our website on the insurer “New Regulatory Initiatives” [webpage](#).
12. Based on feedback received in the earlier consultation we have revised some of the classification of information (columns in the form), the level of detail (rows in the form), and provided more detailed definitions (separate document).
13. There is a change to reporting of foreign insurance business, which is now by type of insurance instead of a single total. Insurance classes have been made consistent between financial and exposure data, and some changes have also been made.
14. Given feedback from many insurers on the difficulty they currently have in allocating investment data to insurance types and classes, this data is now collected for the NZ entity level only. We anticipate re-visiting this in a future review because understanding the investments is important for prudential supervision. This includes any reliance on investment returns and the extent to which assets & liabilities are well matched.
15. There have also been some changes to other insurance financial data to assist interpretation whilst still catering for accounting mismatches that exist for some insurers.
16. On request we have added a small table for premiums charged - to collect (and publish) data on insurance-related taxes and levies as a component of premiums paid by consumers and businesses.
17. Exposure data has been modified to be more relevant and specific for each type of insurance.
18. Fuller definitions have been provided in the draft Definitions document.
19. At the time of this update there are some differences between the current draft versions of the Insurer Return and the Quarterly Insurer Survey; for example in the definitions. It is intended that the two surveys will be aligned as much as practical, especially in terms of reporting definition so as to minimise the burden on respondents who complete both surveys. There will remain some differences that reflect the differences in the underlying purposes of the two data collections.

## Planned path to implementation

### 20. Updated planned path to implementation for the Insurer Return.

March 2015 to 05 June 2015	Consultation and Trial	Feedback to RBNZ on the draft requirements and trial.
June 2015	Review feedback & refine requirements	RBNZ reviews feedback & refines requirements.
July 2015	Finalised requirements	RBNZ publishes finalised requirements.
July 2015 onwards	Section 121 notices	RBNZ issues section 121 notices for Insurer Return.
30 September 2015	Reporting to RBNZ commences	Anticipated earliest Report Date is 30 September 2015, with Due Date 4 months later.

21. Insurers and other stakeholders have approximately 12 weeks in which to provide feedback during the consultation and trial stage, and the Reserve Bank will endeavour to meet with the three insurer sector bodies early in this period.
22. The Reserve Bank anticipates that insurers will have at least 6 months after final requirements are published on the website before their first Insurer Return is due. This allows some time for insurers to prepare their reporting systems and processes.
23. The Reserve Bank plans to consult on proposed publications of insurer data later in 2015 (timing to be determined), well ahead of any regular publication which is expected to commence early 2017.
24. A review is planned for 2016 or 2017 to check the returns are working well, meet the objectives, and to refine requirements if needed.

## Feedback and trial

25. The Reserve Bank seeks feedback from all insurers and other stakeholders on the revised draft Insurer Returns, especially the draft content including definitions. Suggestions for improvements are welcomed – please be as specific as possible.
26. The Reserve Bank also wishes to understand before the returns are implemented if there are likely to be any serious difficulties for insurers in providing the requested information.
27. To identify any serious difficulties, the Reserve Bank expects all insurers to attempt a Trial Insurer Return, on a “best endeavours” basis, and provide a copy to the Reserve Bank. The Trial Insurer Return should use a Report Date of the end of the financial year that was completed after 1 October 2013 (e.g. as at 30 June 2014 if balance date is June or as at 31 December 2013 if balance date is December).
28. We expect the process of completing a Trial Insurer Return will, in addition to identifying any serious difficulties, also assist insurers to provide us with constructive feedback on the draft content and definitions.
29. If there are any serious difficulties please provide a description of the information that is unable to be provided (or unable to be provided accurately), an explanation of why the difficulty arises, suggest a “work-around” that the insurer could use and state any implications of this, and also explain how the requirements might be amended to resolve or reduce the difficulties.
30. If an insurer does not give any feedback to this report this will be interpreted as meaning the insurer is reasonably confident that, based on the drafts provided, it will be able to comply with the Insurer Return requirements when they become effective. The Reserve Bank expects all insurers to complete a Trial Insurer Return even if an insurer does not provide any other feedback.
31. We have allowed a longer period than usual for consultation to allow for the trial, and to reflect that some large insurers are also working on a trial of the Quarterly Insurer Survey during this period.
32. The roughly concurrent consultation and trials for the Insurer Return and the Quarterly Insurer Survey is more efficient than the alternative of delaying the Insurer Return trials until after the Quarterly Insurer Survey trials are completed. It should also produce better outcomes through earlier finalisation of requirements together with closer alignment of the forms and definitions.
33. Since the timetable for implementation is tight, feedback that is received after the due date may not be considered. If feedback is able to be provided well ahead of the due date this will be greatly appreciated.

34. The Reserve Bank will consider all feedback received by the due date; whether it is in the form of general comments, information about a serious difficulty in providing requested information, or other feedback. These will be used to refine the requirements as appropriate.
35. Feedback including a copy of the Trial Insurer Return is due no later than **05 June 2015**, and should be submitted using the secure upload facility at <https://sup.rbnz.govt.nz/send/>, selecting “Insurer Reporting & Returns” as the subject. Please email any questions to [InsuranceData@rbnz.govt.nz](mailto:InsuranceData@rbnz.govt.nz).

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