

Solvency UK Regulatory Reform

Implementation Guide
Bank of England Insurance Taxonomy 2.0

Table of Contents

Introduction	3
Adoption Timeline	4
Clearwater Standard Platform Development	5
Development Timeline	15
Professional Services Package for Solvency UK	16
Appendix	17

The goal of this Implementation Guide is to provide a comprehensive and user-friendly resource for insurance and asset management industry professionals using our newly developed Solvency UK solution.

You will find key takeaways, important deadlines, and a detailed overview of implications of implementing regulatory changes at Clearwater, to provide clarity in the interpretation and application of new guidelines.

We hope this will be a valuable tool to promote understanding of the evolving regulatory frameworks and enable your team to implement these changes efficiently for a seamless transition by the end 2024.

Clearwater is an extension of your team, and we're here to guide you through the brand-new UK Insurance Taxonomy implementation and support you through UAT efforts.

Supporting the Transition

Bank of England (BoE) Insurance Taxonomy 2.0 is the brand-new taxonomy released on the 29 April 2024, specifically tailored to the UK market. The BoE Insurance Taxonomy 2.0 is a key milestone of UK/EU regulatory regime separation, reflecting the clear divergence of how regulators in the EU and UK will supervise its regulated entities.

1. With the new BoE Insurance Taxonomy 2.0 effective as of 31 December 2024, clients subject to the UK regulatory regime will have to transition to the new Taxonomy.
2. Clearwater has developed a new set of data points and reporting templates to meet new Taxonomy requirements that differ from existing Solvency II regulatory reporting. Divergence in reporting instructions, template variations, asset classification logic and definition of regulatory guidance updates are expected to continue into the future.
3. You will be able to access newly created standard data points and standard reporting templates on the Clearwater platform, depending on your filing requirements, to either Solvency II, Solvency UK or Solvency UK for Lloyd's of London.
4. Clearwater will facilitate the transition from Solvency II to Solvency UK regime and its related reporting requirements through a dedicated Professional Service Package option, helping you minimise operational and regulatory change risk
5. Clearwater's BoE Insurance Taxonomy 2.0 will be enabled as a standalone regulatory reporting product through the dedicated Professional Service Package option. A new suite of UK-specific templates and correspondent data points will be released on our platform as a standard upgrade and transitioned—clients will be able to utilise them in their regulatory reporting.

You can add your company specific customisation to data points and reports based on the Solvency UK standard once transitioned, and any changes will be supported through Professional Services option.

What is Bank of England Insurance Taxonomy 2.0?

- In policy statement PS 3/24 – Review of Solvency II: Reporting and Disclosure Phase 2 Near-Final, the Prudential Regulation Authority (PRA) outlines final reforms to reporting and disclosure policies, which will take effect on Tuesday, 31 December 2024.
- The policy is read across with PS2/24 – Review of Solvency II: Adapting to the UK Insurance Market, which details the PRA’s final policy on other aspects of Solvency UK policy.
- Both policies feed into the BoE Insurance Taxonomy 2.0, which prescribes the technical implementation of these requirements, replacing the QRT-based reporting previously submitted using the EIOPA-authored Solvency II taxonomy.

Taxonomy Structure

FRAMEWORK	ENTRY POINTS
Disclosure	APG & APS
Insurance Reporting	ARB, ARG, ARS, QRB, QRG & QRS
Internal Model Outputs	IMO
Market Risk Sensitivities	MRS
Special Purpose Vehicles	SPV
Standard Formula Reporting	AIS

For transitioning clients, it is understood up until Q3 2024 quarterly reporting, the Taxonomy will remain the same as the existing one. That means your Production testing based on the new Taxonomy can commence once Q3 2024 reporting period is completed.

What does this mean for Clearwater’s Insurance and Asset Management clients?

Historically, insurance and asset management firms operating in the UK reported their regulatory returns using the EIOPA Taxonomy. With the BoE Insurance Taxonomy 2.0 effective at the end of 2024, UK entities will now need to consider the following actions:

- Help Clearwater to understand your need and if access to the new Solvency UK regulatory regime and its BoE Insurance Taxonomy based standard report and standard data points are a necessity.
- Determine whether to continue using Solvency II Taxonomy and related data points.
- Discuss your needs with respect to customisation of data point logic and reports as part of the transition from Solvency II to the Solvency UK Taxonomy.
- If there is a need for Solvency UK taxonomy, product enablement will be paired with dedicated Professional Service package option to ensure smooth transition.
- Providing assurance and confidence through the regulatory change process, that accompanies a period of UAT testing to ensure seamless transition.

Adoption Timelines

The policy will come into effect on **Tuesday 31 December 2024** for triennial, annual, semi-annual and quarterly requirements with a reporting or disclosure reference date as of 31 December 2024 and onwards.

Important to know:

The PRA’s additional public statement on reporting also set out its appetite to stop receiving certain QRTs from 31 December.

The PRA published a final taxonomy shortly after, the publication of PS3/24. PRA will revise certain template prefixes (eg S, SR, NST) to facilitate the introduction of the single insurance taxonomy and differentiate the UK reporting framework going forward.

Clearwater Standard Platform Development

Standard Reports Prior to 31 December 2024

CURRENT STANDARD REPORT	CURRENT STANDARD PDID REFERENCE	IMPACT
PRA - S.02.01 [Balance Sheet] - Quarterly and Annual	-2162	Removing in January 2025, as based on historical Taxonomy data point model
PRA - S.06.02 [List of Assets] - Quarterly and Annual	-2164	
PRA - S.06.03 [CIU] - Quarterly and Annual (Non-FLT)	-2165	
PRA - S.06.03 [CIU] - Quarterly and Annual (Client Upload FLT)	-2166	
PRA - S.06.03 [CIU] - Quarterly and Annual (FLT)	-2167	
PRA - S.08.01 [Open Derivatives] - Annual	-2169	
PRA - S.08.01 [Open Derivatives] - Quarterly	-2182	
PRA - S.09.01 [Profit and Loss]- Annual	-2172	
PRA - S.10.01 [Securities Lending and Repos] - Annual	-2173	
PRA - S.11.01 [Assets Held as Collateral] - Annual	-2174	
Lloyd's - QAD 230 [List of Assets] - Quarterly	-1553	
Lloyd's - QAD 233 [Open Derivatives] - Quarterly	-1573	
Lloyd's - QAD 234 [Derivatives Transactions] - Quarterly	-1574	
Lloyd's - QAD 236 [CIU]	-2245	
Lloyds - QAD 236 [CIU] - Quarterly	-1555	
Lloyd's - QAD 236 [CIU] - Quarterly (Client Upload FLT)	-1561	
Lloyd's - AAD 230 [List of Assets] - Annual	-1564	
Lloyd's - AAD 232 [Structured Products] - Annual	-1565	
Lloyd's - AAD 233 [Open Derivatives] - Annual	-1566	
Lloyd's - AAD 234 [Derivatives Transactions] - Annual	-1567	
Lloyd's - AAD 235 [Profit and Loss] - Annual	-1568	
Lloyd's - AAD 236 [CIU] - Annual (FLT)	-2264	
Lloyd's - AAD 236 [CIU] - Annual (Non-FLT)	-1569	
Lloyd's - AAD 236 [CIU] - Annual (Client Upload FLT)	-1570	
Lloyd's - AAD 237 [Securities Lending and Repos] - Annual	-1571	
Lloyd's - AAD 238 [Asset Held as Collateral] - Annual	-1572	

Standard Reports as of 1 January 2025

CURRENT STANDARD REPORT	CURRENT STANDARD PDID REFERENCE	IMPACT
PRA - IR.02.01 [Balance Sheet] - Quarterly and Annual	To be confirmed	New report based on BoE Insurance Taxonomy 2.0
PRA - IR.06.02 [List of Assets] - Quarterly and Annual		
PRA - S.06.03 [CIU] - Quarterly and Annual (Non-FLT)		
PRA - S.06.03 [CIU] - Quarterly and Annual (Client Upload FLT)		
PRA - S.06.03 [CIU] - Quarterly and Annual (FLT)		
PRA - IR.08.01 [Open Derivatives] - Annual		
PRA - IR.08.01 [Open Derivatives] - Quarterly		
PRA - IR.09.01 [Profit and Loss]- Annual		
PRA - IR.10.01 [Securities Lending and Repos] - Annual		
PRA - IR.11.01 [Assets Held as Collateral] - Annual		
Lloyd's - QAD 230 [List of Assets] - Quarterly		
Lloyd's - QAD 233 [Open Derivatives] - Quarterly		
Lloyd's - QAD 236 [CIU]		
Lloyd's - QAD 236 [CIU] - Quarterly		
Lloyd's - QAD 236 [CIU] - Quarterly (Client Upload FLT)		
Lloyd's - AAD 230 [List of Assets] - Annual		
Lloyd's - AAD 233 [Open Derivatives] - Annual		
Lloyd's - AAD 235 [Profit and Loss] - Annual		
Lloyd's - AAD 236 [CIU] - Annual (FLT)		
Lloyd's - AAD 236 [CIU] - Annual (Non-FLT)		
Lloyd's - AAD 236 [CIU] - Annual (Client Upload FLT)		
Lloyd's - AAD 237 [Securities Lending and Repos] - Annual		
Lloyd's - AAD 238 [Asset Held as Collateral] - Annual		

All clients subscribed to Clearwater's PRA version of the SCR reports (market components) which were based on EIOPA's Taxonomy, will also be transitioned to the BoE Insurance Taxonomy. This will have the same impact as Pillar 3 reporting templates where the EIOPA Taxonomy-based version will be decommissioned in January 2025.

Standard Data Point Development

Current State

REGULATORY REGIME	DATA POINTS AVAILABILITY
Solvency II	239
Solvency UK	55
Lloyds of London	38

Projected Standard Data Point Changes

Data points that will be either removed or replaced from existing category from our platform

The following data points under the current category of their respective regulatory regime, will undergo either removal or replacement to bring them in line with the new Taxonomy standard once separated.

Solvency II	ACCRUED_INTEREST
	Asset Held in Unit-Linked and Index-Linked Contracts
	Asset ID Code
	Asset ID Code Type
	Asset Pledged as Collateral
	ASSET_HELD_IN_UNIT_INDEX_LINKED_FUNDS
	Attachment Point
	CAPITAL_PROTECTION_CPD
	Clearwater Calculated CIC
	Code of Custodian
	Collective Investments Undertaking ID Code
	Collective Investments Undertaking ID Code Type
	Contract Dimension
	Counterparty Asset Category
	Counterparty Default Risk Exposure Type
	Counterparty Default Risk Exposure Type Group
	Currency (Local vs Foreign)

DBRS Rating EU Endorsement Status
DBRS Rating Office LEI
DBRS Rating Office Name
DERIVATIVE_ID_CODE
DERIVATIVE_ID_CODE_TYPE
DERIVATIVES_HELD_IN_UNIT_INDEX_LINKED_FUNDS
Detachment Point
DIVIDEND_INCOME
Fitch Rating EU Endorsement Status
Fitch Rating Office LEI
Fitch Rating Office Name
Fund Number
Holdings in Related Undertakings, Including Participation
Instrument Underlying the Derivative
Internal Rating
Investment Fund Code
Investment Fund Code Type
Issuer
Issuer Code
Issuer Group Code
Issuer LEI
LEVEL_OF_LOOK_THROUGH
LLOYDS_ASSETS_PLEDGED_AS_COLLATERAL_CPD
LLOYDS_CONTRACT_NAME
LLOYDS_USE_OF_DERIVATIVE_CPD
LLOYDS_VALUATION_METHOD

Loss Given Default
Matching Portfolio Number
Maximum Loss Under Unwinding Event
Moody's Rating EU Endorsement Status
Moody's Rating Office LEI
Moody's Rating Office Name
Mortgage Loan Guarantee
Name of Counterparty Pledging the Collateral
Name of Group of Counterparty Pledging the Collateral
Pillar I Duration Band (Spread Risk)
Probability of Default (EU)
PROFIT_AND_LOSS
Property Risk SCR
Rating Source Used
Rent
Risk Adjusted Collateral Value
Risk Adjusted Mortgage Loan
Risk Mitigating Effect
S&P Rating EU Endorsement Status
S&P Rating Office LEI
S&P Rating Office Name
SCR Calculation Approach for CIU
SECURITY_TITLE
Single Name Exposure
Single Name Exposure (EU)
Solvency II Balance Sheet Summary Classification

Source of Charge
Source of CIC
Source of Counterparty Default Risk Exposure Type
Source of Equity Type
Source of Factor
Source of Loss Given Default
Source of Market Risk Concentration CQS (EU)
Source of Market Risk Concentration Exposure Amount
Source of Market Risk Concentration Exposure Type
Source of Mortgage Loan Guarantee
Source of Probability of Default (EU)
Source of Risk Adjusted Collateral Value
Source of Risk Adjusted Mortgage Loan
Source of Risk Mitigating Effect
Source of Shock Factor (EU)
Source of Solvency Ratio
Source of Spread Risk Category
Spread Risk SCR (EU)
Sub-asset Category
Swap Delivered Currency
Swap Received Currency
Synthetic Structured Product
Type of asset for which the collateral is held
Type of code of asset or liability underlying the derivative
Type of Code of Custodian
Type of Counterparty Code

	Type of Counterparty Group Code
	Type of Issuer Code
	Type of Issuer Group Code
	TYPE_OF_REPO_SECURITY_LENDING_CPD
	ULTIMATE_PARENT_INVESTMENTS_UNDERTAKING_ID_CODE
	ULTIMATE_PARENT_INVESTMENTS_UNDERTAKING_ID_CODE_TYPE
	Underlying Security /Index /Portfolio
	Unwind Trigger of Contract
	Use of the Derivative
	USE_OF_DERIVATIVES_CPD
Solvency UK	Clearwater Calculated CIC (SUK)
	Collective Investments Undertaking ID Code
	Collective Investments Undertaking ID Code Type
	Counterparty Code (SUK)
	Counterparty Group Code (SUK)
	DBRS Rating UK Endorsement Status
	Delta
	Fitch Rating UK Endorsement Status
	Level of Look-Through (SUK)
	Moody's Rating UK Endorsement Status
	Probability of Default (UK)
	S&P Rating UK Endorsement Status
	Single Name Exposure (UK)
	Solvency II Balance Sheet Summary Classification (SUK)

	Source of Market Risk Concentration CQS (UK)
	Source of Probability of Default (UK)
	Source of Shock Factor (UK)
	Sub-asset Category (SUK)
	Type of Counterparty Code (SUK)
	Type of Counterparty Group Code (SUK)
	UK Pillar I Duration Band (Spread Risk)
	UK Rating Source Used
Lloyd's of London	Asset ID Code Type
	Base Premium Paid/Received to Date
	Buyer or Seller/Lender or Borrower
	Callable or Puttable
	Investment Fund Code
	Lloyd's Prepayment Structured Product
	QMA 003 Classification
	QMA 201 Classification
	QMA 217 Classification
	QMA 218 Classification
	QMA 219 Classification
	QMA 330 Classification
	Risk Factors
	Type of Structured Product

Adding New Data Points of Additional Logic

The following data points will be added to their respective regulatory regime or the logic under the data point will be updated to bring them in line with the new Taxonomy standard once separated.

REGULATORY REGIME	DATA POINTS IMPACTED
Solvency II	Asset ID Code and Type of Code
	Collective Investments Undertaking ID Code and Type of Code
	Counterparty Code and Type of Counterparty Code
	Counterparty Group Code and Type of Counterparty Group Code
	Derivative ID Code and Type of Code
	Instrument Underlying the Derivative and Type of Code
	Issuer Code and Type of Issuer Code
	Issuer Group Code and Type of Issuer Group Code
Solvency UK	Asset ID Code and Type of Code
	Asset Pledged as Collateral
	Contract Size
	Derivative ID Code and Type of Code
	Duration (SUK)
	Instrument Underlying the Derivative (Code and Type of Code)
	Internal Rating
	SCR Calculation Approach for CIU
	Symmetric Adjustment
	UK Credit Quality Step
	UK Nominated ECAI
	UK Solvency II Credit Rating
	Use of Derivative
	Valuation Method

Lloyd's of London	Acquisition Value
	Asset Category
	Asset Pledged as Collateral
	CIC
	Country of Custody
	Custodian
	Derivative ID Code
	Derivative ID Code type
	Holdings in Related Undertakings, Including Participation
	Infrastructure Investment
	Internal Rating
	Issuer Code

Clearwater may make other minor adjustments on data points to ensure alignment with the new Solvency UK standard, which may not have been captured within this document. However, our Professional Services team will be working with you to ensure a seamless experience and minimise operational and regulatory change risk.

Speak with an Expert ·>

Development Timeline

	SOLVENCY UK - NEW ASSET CLASSIFICATION	SOLVENCY UK - NEW TAXONOMY REPORTING DATA POINTS	SOLVENCY UK - NEW TAXONOMY REPORTING TEMPLATE	SOLVENCY UK - NEW SCR REPORTING	SOLVENCY UK - NEW OVERRIDABILITY FEATURE	DEPLOYMENTS	FURTHER GUIDANCE AND HOTFIX UPDATE
Week of:							
24-Jun							
01-Jul							
08-Jul							
15-Jul							
22-Jul							
29-Jul							
05-Aug							
12-Aug							
19-Aug							
26-Aug							
02-Sep							
09-Sep							
16-Sep							
23-Sep							
30-Sep							
07-Oct							
14-Oct							
21-Oct							
28-Oct							
04-Nov							
11-Nov							
18-Nov							
25-Nov							
02-Dec							
09-Dec							
16-Dec							

Professional Services Package for Solvency UK

The challenges to implementing the Solvency UK guidance updates include managing the implementation alongside year-end closing.

Alongside standard Solvency reports, we understand that many clients have developed customised reports downstream, to cater to their investment operations' requirements.

Clearwater's Solvency UK Professional Services Package is designed to provide specialist transition support for client-specific configurations on downstream custom reports.

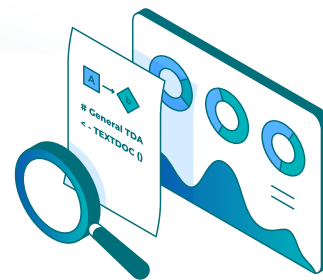
An experienced Clearwater Consultant will provide clients with in-depth assessment of custom reports impacted by the guidance change, recommend a testing approach and design a go-live plan suitable to client needs. Every Professional Services engagement will be supported by a Statement of Work that outlines scope, deliverables, timelines and fees.

Key steps within the Professional Services Package implementation include:

1. Project management support
2. Impact assessment for client's custom reports
3. Re-configuration of client's custom reports
4. UAT support for 1 period-end testing
5. Provisioning of a test environment to run comparison/parallel testing of custom reports (offline comparison testing only; no direct access to test environments)
6. Production release of custom reports

As per the guidance from the regulator, **the target date for completing the implementation is 31 December 2024.**

We ask all clients impacted, to sign-up to this package by **30 September 2024** so Clearwater can plan/prioritise in queue.



Contact Now →

Or speak to your Clearwater
Service Delivery Manager

Appendix

- **PS2/24:** <https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/review-of-solvency-ii-adapting-to-the-uk-insurance-market-policy-statement>
- **PS3/24:** <https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/review-of-solvency-ii-reporting-disclosure-phase-2-near-final-policy-statement>
- **Bank of England Insurance Taxonomy 2.0:** <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/regulatory-reporting/insurance/boe-insurance-taxonomy-v200.zip>



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