

Chapter 16

Reporting requirements

Notes on completing the general insurance pricing information report forms (REP 021, REP021a, REP021b, REP021c, REP021d and REP021e)

This annex contains guidance on completing the pricing information report form (REP 021)

General notes

- (1) All *firms* should complete REP021e. In addition, *insurers* and *managing agents* should complete REP021, REP021a and REP021b, and price setting *intermediaries* should complete REP021c and REP021d.
- (2) All monetary figures should be rounded to the nearest pound.
- (3) Unless otherwise stated, monetary figures should be calculated and reported excluding insurance premium tax.
- (4) Multi-product *policies* which include both *home insurance* and *motor insurance* in a single *policy* should be split between *home insurance* and *motor insurance* and reported as two separate *policies*.
- (5) *Firms* should provide their core pricing information on the core product on an aggregated basis for each of *home insurance* and *motor insurance* products, including *closed books*, and then split by:
 - (a) product type e.g. *motor insurance*: car, motorcycles, including tricycles, other, *home insurance*: buildings only, contents only, buildings and contents;
 - (b) type of *channel* e.g. all products sold direct, via price comparison websites, via intermediaries or via *affinity/partnership schemes*; and
 - (c) *tenure*. For example, for each of *customers* with less than 1-year relationship with the *firm*, *customers* with a 1-year relationship with the *firm*, *customers* with a 2-year relationship etc.
- (6) *Firms* should provide their additional claims-related information on the core product on an aggregated basis for each of *home insurance* and *motor insurance* products, including *closed books*, split by product type only.
- (7) *Firms* should also report core pricing information separately for *closed books*. *Firms* should name each *closed book* with 10,000 *policies* or more. *Firms* should provide information separately for each *closed book* with 10,000 *policies* or more and other *closed books* on an aggregated basis, split by:
 - (a) product type; and
 - (b) *tenure*.
- (8) *Firms* should provide their information on related *additional products* and fees on an aggregated basis for each of their *home insurance* and *motor insurance* business, including *closed books*, split by *tenure*. This information does not need to be categorised by product type.

Data	Notes
Tenure	<p>The number of years a <i>customer</i> has held the <i>policy</i>, including any <i>renewal</i>.</p> <p>For example:</p> <p>T0 = <i>customer</i> who has held their <i>policy</i> for less than 1 year;</p> <p>T1 = <i>customers</i> who held their <i>policy</i> for 1 year;</p> <p>T10+ = <i>customers</i> who have held their <i>policy</i> for 10 years or more.</p>

Data	Notes
	<p><i>Firms</i> should round down to the last full year the <i>customer</i> has held a <i>policy</i> with them in cases where <i>customers</i> have contracts that renew on shorter than annual basis. For example, a <i>firm</i> should classify a <i>customer</i> on a six-monthly contract who has renewed the policy once as T0 (<i>customer</i> who has held their <i>policy</i> for less than 1 year) and a <i>customer</i> who has renewed this policy three times as T1 (<i>customers</i> who have held their <i>policy</i> for 1 year).</p> <p><i>Firms</i> should report data for each <i>tenure</i> individually from T0 to T9 inclusive. Data for any <i>tenure</i> that is T10 or greater should be aggregated and reported as T10+.</p> <p>For <i>retail premium finance</i>, the <i>tenure</i> of the core product should first be considered and then the <i>tenure</i> of the <i>retail premium finance</i>. For example, if a <i>customer</i> cancels an existing <i>policy</i> with <i>retail premium finance</i> and takes out a new <i>policy</i> with <i>retail premium finance</i>, then the <i>tenure</i> for both the new <i>policy</i> and the <i>retail premium finance</i> would be T0. If a <i>customer</i> has the same <i>policy</i> for four years and pays by <i>retail premium finance</i> for the first two years, and for the third year does not use <i>retail premium finance</i> but for the fourth year uses <i>retail premium finance</i> again, the <i>tenure</i> in the fourth year would be T4 for the core product and T0 for the <i>retail premium finance</i>.</p>
Closed books	<p><i>Firms</i> should name each <i>closed book</i> containing 10,000 or more <i>policies</i>. <i>Firms</i> should report information separately for each <i>closed book</i> containing 10,000 or more <i>policies</i> and for all other <i>closed books</i> on an aggregated basis. Separate reporting for <i>closed books</i> should cover the period from the date on which the <i>firm</i> categorised the relevant books as being <i>closed books</i> until the end of the reporting period.</p>
Total gross written premium	<p>The total amount of gross written <i>premium</i>, (excluding insurance premium tax) in relation to <i>policies</i> incepted or renewed during the reporting period.</p>
Average gross premium	<p>The total amount of gross written <i>premium</i>, (excluding insurance premium tax) in relation to <i>policies</i> incepted or renewed during the reporting period divided by the number of <i>policies</i> incepted or renewed in that reporting period.</p>
Total net-rated written premium	<p>For <i>net-rated business</i>, <i>insurers</i>, <i>managing agents</i> and price-setting <i>intermediaries</i> should report the total net-rated <i>premium</i> set by the <i>insurer</i> or <i>managing agent</i> in relation to <i>policies</i> incepted or renewed during the reporting period.</p>
Average net-rated premium	<p>For <i>net-rated business</i>, <i>insurers</i>, <i>managing agents</i> and price-setting <i>intermediaries</i> should report the total net-rated <i>premium</i> set by the <i>insurer</i> or <i>managing agent</i> in relation to <i>policies</i> incepted or renewed during the reporting period divided by the number of <i>policies</i> incepted or renewed on a <i>net-rated business</i> basis in the reporting period.</p>
Total number of policies incepted/renewed	<p>The total number of <i>policies</i> incepted for <i>tenure</i> T0 and the total number of <i>policies</i> renewed (all other <i>tenures</i>).</p>
Total number of policies in force	<p>The total number of <i>policies</i> in force at the end of the reporting period.</p>
Average prior year gross premium	<p><i>Firms</i> should report the average gross <i>premium</i> for <i>customers</i> in the preceding year for the core product by product type, type of <i>channel</i> and by <i>tenure</i>. For example, if a <i>firm</i> is reporting data for <i>motor insurance</i>: car, for direct sales to <i>customers</i> with <i>tenure</i> T4, then the <i>firm</i> should report the average gross <i>premium</i> for these <i>customers</i> at <i>tenure</i> T3.</p> <p><i>Firms</i> do not need to report average prior year gross <i>premium</i> in respect of <i>customers</i> of <i>tenure</i> T0.</p>

Data	Notes
<p>Proportion of <i>customers</i> where the expected claims ratio falls within given bandings</p>	<p>Expressed as a percentage, the proportion of <i>customers</i> where the expected claims ratio is between X% and Y%.</p> <p>For example, for the proportion of <i>customers</i> with expected claims ratio greater than 30% but less than or equal to 40% for the direct sales type of <i>channel</i>, with a <i>tenure</i> of one year (T1), expressed as a percentage:</p> <p>A. calculate the number of <i>policies</i> incepted or renewed with expected claims ratio greater than 30% but less than or equal to 40%; and</p> <p>B. divide (A) by the total number of <i>policies</i> incepted or renewed for the direct sales type of <i>channel</i> and <i>customers</i> of <i>tenure</i> T1.</p>
<p>Total earned <i>premium</i></p>	<p>The total <i>premium</i> earned in the claims-related reporting period. This should be calculated on the same basis as that reported in a <i>firm's</i> financial statements.</p> <p>This information is only to be reported for the total aggregated figures by product type (not by <i>tenure</i>).</p>
<p>Average earned <i>premium</i></p>	<p>The total <i>premium</i> earned in the claims-related reporting period divided by the number of <i>policies</i> from which the total <i>premium</i> was earned. This should be calculated on the same basis as a <i>firm</i> calculates this metric for internal purposes.</p> <p>This information is only to be reported for the total aggregated figures by product type (not by <i>tenure</i>).</p>
<p>Gross incurred claims ratio (with IBNR/IBNER)</p>	<p>Expressed as a percentage, actual claims incurred ratio for the claim-related reporting period. This data is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p> <p>The <i>gross incurred claims ratio</i> represents the incurred claims cost (gross of <i>reinsurance</i>) as a proportion of earned <i>premium</i> (gross of <i>reinsurance</i>), expressed as a percentage. Incurred claims cost is the cost of all claims reported for the claims-related reporting period, plus any other changes in the claims' reserves including for IBNR, IBNER and prior years' reserve adjustments in that period. This should be calculated on the same basis as that reported in a <i>firm's</i> financial statements.</p> <p>IBNR is claims incurred but not reported.</p> <p>IBNER is claims incurred but not enough reported.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>
<p>Developed incurred claims ratio (with IBNR/IBNER)</p>	<p>Expressed as a percentage, actual adjusted (ultimate) claims ratio for:</p> <ul style="list-style-type: none"> •the previous claim-related reporting period •the claim-related reporting period 2 years ago •the claim-related reporting period 3 years ago <p>The developed incurred claims ratio is the <i>gross incurred claims ratio</i> for prior years adjusted for claims that were not fully developed. This should be calculated on the same basis as that used by the <i>firm</i> to calculate the developed incurred claims ratio for internal purposes.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>
<p>Total prior years' reserve release</p>	<p><i>Firms</i> should report any reserve releases in the current claim-related reporting period that relate to surplus reserves for prior years.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>

Data	Notes
Total prior years' reserve strengthening	<p><i>Firms</i> should report any reserve strengthening in the current claim-related reporting period that relate to shortfalls in reserves for prior years.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>
Total charged (£) for <i>retail premium finance</i> in the reporting period	<p>Total charged for <i>retail premium finance</i> on <i>policies</i> inceptioned or renewed in the reporting period.</p> <p>The total charged (£) should include only the charge for <i>retail premium finance</i> (and not the total gross written <i>premium</i> of the related core or add-on <i>policies</i>).</p>
<i>Retail premium finance</i> – number of <i>policies</i> (core products and add-on <i>policies</i>) inceptioned or renewed with <i>retail premium finance</i>	<p>Total number of <i>policies</i> inceptioned or renewed in the reporting period with <i>retail premium finance</i>.</p>
APR range	<p>The number of <i>policies</i> where the related <i>retail premium finance</i> sold falls within each the following specific <i>APR</i> ranges:</p> <ul style="list-style-type: none"> •0% •0.1% - 9.9% •10% - 19.9% •20% - 29.9% •30% - 39.9% •40% - 49.9% •50% or more <p>Where <i>APR</i> falls within a range boundary, e.g. 9.95%, <i>firms</i> should round down. For example, an <i>APR</i> of 9.95% should be reported in the 0.1% - 9.9% <i>APR</i> range. However, an <i>APR</i> of less than 0.1% but greater than 0% should be reported in the 0.1% to 9.9% <i>APR</i> range.</p> <p>Where a <i>customer's</i> credit risk rating is used in calculating their insurance risk, any related loading should not be reported under <i>retail premium finance</i>.</p>
<i>Premiums</i> from add-on <i>policies</i> inceptioned or renewed - gross written <i>premium</i>	<p>Total gross written <i>premium</i> from add-on <i>policies</i> inceptioned or renewed in the reporting period.</p> <p>Cover extensions and optional extras should be reported as part of reporting for the core product and not as an add-on <i>policy</i>. Gross written <i>premium</i> should include only the gross written <i>premium</i> for add-on <i>policies</i> (and not that for related core <i>policies</i>).</p>
Number of add-on <i>policies</i> inceptioned or renewed	<p>Total number of add-on <i>policies</i> inceptioned or renewed in the reporting period.</p>
Pre-contractual fees	<p>Total and average (mean) pre-contractual fees charged on the core product (net of value added tax). The average is the average for each reporting category, based on the number of <i>customers</i> who incurred fees.</p>
Post-contractual fees	<p>Total and average (mean) of any post-contractual fees on the core product (net of value added tax). The average is the average for each reporting category, based on the number of <i>customers</i> who incurred fees.</p>