Methodological notes to the time series based on the data supply by insurers for supervisory purposes and to the Information release

General conclusions

1. The insurers’ time series were prepared on the basis of the MNB’s regular data supply tables for supervisory purposes. Due to changes by possible amending reports, the data may occasionally deviate from those published previously.

2. The sources of annual data are usually the annual reports of the insurers; the other data come from quarterly reports. The Q4 data are not audited; they can be considered preliminary annual data if they contain cumulated values.

3. The data were rounded individually, therefore, partial data do not necessarily sum to the total figures.

Conclusions related to the individual tables

1. In the Major P&L figures (3_MAJOR P&LFIGURES), under Changes in reserves the consolidated data of changes in the mathematical, the premium refunding, the damage fluctuation and the other reserves are displayed. Changes in the reserves of unit-linked life insurance are indicated in a separate row.

2. The capital adequacy of insurers as a whole (10_CAP_REQ_TOTAL_UNTIL_2015) compares the available solvency capital to the total capital requirement of the insurers (capital requirement = the larger of the minimum solvency capital requirement or the minimum security capital).

Capital adequacy (%) = solvency capital / capital requirement

3. The capital adequacy by insurance sectors (11_CAP_REQ_B._LINES_UNTIL_2015) compares the solvency capital only to the minimum solvency capital requirements (taking into account only the capital requirement proportionate to the insurance activity).

Capital adequacy (%) = solvency capital / minimum solvency capital requirement

4. Due to the seasonality of insurers’ P&L figures, the Information release does not address the evaluation of P&L figures; this will only occur when the time series is updated to include the Q4 figures.

Alteration of the time series from 1 January 2016

General conclusions

1. As of 1 January 2016, the single regulatory scheme Solvency II entered into force, an integral part of which is the introduction of a uniform data supply. One basic principle of the uniform European data supply is that national supervisory authorities may request further data, in addition to data ranges covered by the uniform data supply, only in relation to their national specificities. The MNB developed the data contents requested in the framework of national data supply, taking this basic principle into consideration.

2. The source of the time series published on the MNB’s website is the data supply by the insurers on a quarterly basis for supervision purposes, which until 2015 Q4 was based on the Solvency I
The life and non-life sector categories developed within the scope of the Solvency II regulatory scheme that was introduced from 2016 deviate from those defined in Solvency I; the deviation is particularly significant in the case of the life sector categories. In the framework of the national supplementary data supply which was introduced in parallel with the uniform European data supply Solvency II, we neither retained the sector categories of the earlier Solvency I regime nor introduced the new sectors of Solvency II. Instead, we applied a breakdown by products and product groups. The reason for this is that the insurers themselves categorise their contracts in a breakdown by products and product groups.

3. The time series published up to the end of 2015 divided the groups of data suppliers to the following categories: insurance companies limited by shares, large insurance associations, and small insurance associations. Categorisation in this form will be terminated, and from 2016 two data supplier categories will be shown in the publication:

- insurance companies (except for small mutual insurance companies): they include the insurers falling within the scope of the single European regulation Solvency II,
- small mutual insurance companies.

From 2016, within the time series, all figures relating to small insurance associations will be published on a separate sheet.

Table changes in the time series from 2016

1. Tables to be terminated from 2016

- Key accounting balance sheet figures until 2015 (1_BALANCE_SHEET_UNTIL_2015)

Up to 2015 Q4, the source of the table was a quarterly balance sheet according to Hungarian accounting rules. From 2016, the accounting balance sheet will only be indicated in the annual data supply, and the breakdown by the previous categories of insurance companies and large associations will not be continued.

- Contract portfolio until 2015 (2_POLICIES_UNTIL_2015)

The table displays the contract portfolios of the insurers in a breakdown by life and non-life sectors according to Solvency I on a quarterly basis. The table will be closed at the end of 2015, since the national supplementary data supply requested from 2016 contains the contract number details in a new structure, broken down by products and product groups, and the previous breakdown by insurance companies and large associations will also not be continued.

- Premium income until 2015 (3_PREMIUM_UNTIL_2015)

The table displays the premium incomes of the insurers in breakdown by life and non-life sectors according to Solvency I on a quarterly basis. The table will be closed at the end of 2015, since the national supplementary data supply contains the premium income details in a new structure, broken down by products and product groups, and the previous breakdown by insurance companies and large associations will also not be continued.

- Single premium income until 2015 (4_SINGLE_PREMIUM_UNTIL_2015)

The table displays the single premium revenues of the insurers in a breakdown by life and non-life sectors according to Solvency I on a quarterly basis. The table will be closed at the end of
2015, since the national supplementary data supply contains the premium revenue details in a new structure, broken down by products and product groups, and the previous breakdown by insurance companies and large associations will also not be continued.

- Claim payment and service until 2015 (5_CLAIMS_UNTIL_2015)

The table contains the claim payment figures, broken down by life and non-life sectors according to Solvency I. Because the Solvency II data supply and (in relation to this) the national supplementary data supply basically contains the quarterly claim expense figures, the table will be closed at the end of 2015, and the breakdown by insurance companies and large associations will also not be continued.

- Expenses until 2015 (6_EXPENSES_UNTIL_2015)

The table displays the expenses of the insurers on a quarterly basis according to different cost categories. The table will be closed at the end of 2015, since the cost figures are available as part of the Solvency II data supply. The cost categories used here deviate from those used earlier, and the breakdown by insurance companies and large associations will also not be continued.

- Reinsurance until 2015 (7_REINSURANCE_UNTIL_2015)

The source of data for reinsurance activity will be the Solvency II data supply from 2016, which — in contrast to the past — requires the premium schedule. Furthermore, the previous breakdown by insurance companies and large associations will also not be continued, and thus the table will be closed at the end of 2015.

- Investments until 2015 (8_INVESTMENTS_UNTIL_2015)

The investment table which was part of the earlier data supply will not be requested from 2016, and the table will be closed. From 2016, the investment figures will be published from the balance sheet complying with the Solvency II evaluation principles, as part of the balance sheet.

- Local GAAP insurance technical provisions until 2015 (9_LOCAL_GAAP_PROV_UNTIL_2015)

The local GAAP insurance technical provisions figures can be obtained and updated from the balance sheet requested annually — as opposed to the earlier quarterly frequency — according to the national requirements. The previous breakdown by insurance companies and large associations will not be continued and thus the table will be closed at the end of 2015.

- Capital adequacy total until 2015 (10_CAP_REQ_TOTAL_UNTIL_2015)

The solvency capital calculation according to the Solvency I principles is based on taking into consideration the premiums, the claims and the reserves; the Solvency II scheme stipulates a different solvency capital calculation; the table will be closed at the end of 2015.


The Solvency II capital adequacy calculation does not contain any solvency capital calculated for life and non-life sectors; thus, the table will be closed at the end of 2015.

Closed tables are placed on the website of MNB Supervision \ Time series \ III. The insurance sector \ Time series of insurance companies \ Archive \ Time series

https://www.mnb.hu/en/supervision/time-series/iii-the-insurance-sector/archive
2. New tables in the time series from 2016

- Balance sheet according to the Solvency II valuation principles (2_SII_BALANCE SHEET)

From 2016, the balance sheet complying with the Solvency II valuation principles will be published on a quarterly basis on a separate sheet in the time series, for which the balance sheet in the Day1 reporting is set as the opening position. Compliance between the Solvency II balance sheet and the earlier balance sheet according to national accounting standards is not possible, due to the different structure and the valuation principles.

- Contract portfolio from 2016 (4_POLICIES_FROM_2016)

The table contains the contract portfolio data in a breakdown by products and product groups (without a breakdown by insurance companies limited by shares and large associations). The summary lines of life sectors and non-life sectors will be produced for each quarter of 2015 and retrospectively to end-2014, end-2013, end-2012 and end-2011.

- Premium income from 2016 (5_PREMIUM_FROM_2016)

The table contains the premium income figures in a breakdown by products and product groups (without a breakdown by insurance companies limited by shares and large associations). The summary lines of life sectors and non-life sectors will be produced for each quarter of 2015 and retrospectively to end-2014, end-2013, end-2012 and end-2011.

- Single premium income from 2016 (6_SINGLE_PREMIUM_FROM_2016)

The table contains the single premium income figures in a breakdown by products and product groups (without a breakdown by insurance companies limited by shares and large associations). The summary lines of life sectors and non-life sectors will be produced for each quarter of 2015 and retrospectively to end-2014, end-2013, end-2012 and end-2011.

- Claim expenses (7_CLAIMS_INCURRED_FROM_2016)

Since, starting from 2016, both the uniform European data supply Solvency II and the national supplementary data supply use the claims incurred data supply category, which is wider than the earlier claim payment and service category (it contains the changes in reserves as well), we will therefore publish this in a separate table, without a breakdown by insurance companies limited by shares and large associations.

- Expenses from 2016 (8_EXPENSES_FROM_2016)

The figures for expenses are available from the Solvency II data supply, in which the expenses categories deviate from those used earlier. Only the breakdowns of expenses incurred - other expenses - total expenses are available on a quarterly basis. The summary line of life and non-life sectors are produced retrospectively for each quarter of 2015. Publication will take place in a separate table, without a breakdown by insurance companies limited by shares and large associations.

- Reinsurance from 2016 (9_REINSURANCE_FROM_2016)

Figures based on the Solvency II data supply in relation to the premium schedule regarding the share of reinsurance/reinsurers, without a breakdown by insurance companies limited by shares and large associations.
- Technical provisions according to Solvency II valuation principles from 2016 (10_SII_PROVISIONS_FROM_2016)

The technical provisions based on the Solvency II data supply will be published in a new table from 2016, since provisioning deviates completely from the previous Solvency I provisioning methodology.

- Own funds, SCR, MCR from 2016 (11_OWN_FUNDS_SCR_MCR_FROM_2016)

The owns funds, SCR, MCR calculation applied in Solvency II is risk-oriented; it can be calculated by summarising the values calculated for each individual risk, with a standard formula as well as on the basis of a partial or full internal model. Accordingly, it entirely deviates from the calculation method of Solvency I, and therefore, starting from 2016, the data will be published in a new table.

- Data on small mutual insurance companies from 2016 (12_SMALL_MUT_INS_COMP_FROM_2016)

Starting from 2016, all figures relating to small mutual insurance companies will be published in a separate table. The use of a separate sheet is justified by the fact that the scope of the Solvency II regulatory scheme does not cover small mutual insurance companies; this group of data suppliers continues to supply the earlier data based on Solvency I on an annual basis.

3. Tables retained in an unchanged form in the time series from 2016

- Major P&L figures (3_PROFIT_AND_LOSS_ACCOUNT)

Since the uniform European data supply does not contain any profit and loss statement, we request it in the national supplementary data supply and publish it in the time series in unchanged form.

From 2018 the main rows in the profit and loss account include data reported by insurers that changed over to IFRS from 1 January 2018, meanwhile a new row named “Correction” has to be introduced due to the different structure of the IFRS and the national GAAP reporting.