

# SAM focus

Helping insurers understand and manage change

## The recent EIOPA consultation paper on the use of XBRL for Solvency II reporting indicates the way the European industry is heading in terms of disclosure; but what does this mean for South African insurers?

September 2011

XBRL (Extensible Business Reporting Language) is an electronic nomenclature to convey information in a uniform manner. XBRL is part of the family of XML languages and is an open standard which does not attract licence fees.

This was primarily developed to create global standards for financial reporting and typically forms a standardised base which can be extended to both financial and non-financial data.

XBRL is divided into jurisdictions around the world, similar to that of DVD zone allocation. Information is not treated as a block of text, but

rather attracts tags (like a barcode) for each item of data.

Each and every item has its own unique tag. This means information can be re-used, grouped and analysed by computers and reduces handling errors.

### What you need to know

1. The applicability of this to South African institutions is that they will form part of the standards created for South Africa.
2. XBRL reporting is encouraged by the JSE and is typically welcomed by analysts and investors alike.
3. In June 2010 the JSE introduced financial online reporting which will allow listed companies to file their financial reports using XBRL. As of 2011, XBRL is not yet a requirement of the JSE, but the future requirements of Solvency II and SAM may accelerate this.
4. XBRL can unify reporting of entities at a Group and Solo level which may reside in multiple geographies, currencies and languages.
5. This makes submissions quicker and rules-based, rather than manual multiple iterations of changes and rechecking of content before being submitted to the regulators, investors and publishers.
6. A common denominator for comparison is a uniform definition taxonomy for Solvency II. Currently

(September 2011) EIOPA has a master XBRL taxonomy (based on the quantitative return templates – QRT's) issued for comment in Europe (closure 7 September 2011). This will form the basis for any harmonisation of these same templates with an anticipated re-issue date of October 2011.

### What this means for insurers

7. Insurers should bear in mind that the design of XBRL taxonomies, is important at a data model level. This will ease reporting from a common definition basis, thereby minimising the requirement for transformation and re-definition of XBRL tags and artefacts.
8. This also provides a good lineage of data from source to target within all regulatory reporting and acts as a strong vote of confidence in the portfolio of evidence which will need to support the ORSA, and to a lesser extent, Regulatory Reporting.
9. This is an indication of things to come and XBRL may well be a method to ease the burden of submission of annual financial statements, notes, summarised content and all of the complex requirements of Solvency II in common taxonomy, using the same sets of data from one source.
10. Implementing XBRL as a standard in any organisation



will require careful design for data, technologies and reporting to reap the full benefits of what EIOPA are touting and what may be cascaded into South Africa by SAM.

If you wish to discuss how we can help you, please call your regular contact or alternatively:

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