



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Bank of England: An Update from the PRA

Andrew Dyer – Head of Department – Insurance Supervision

AFM Conference October 2018

Firm Visits

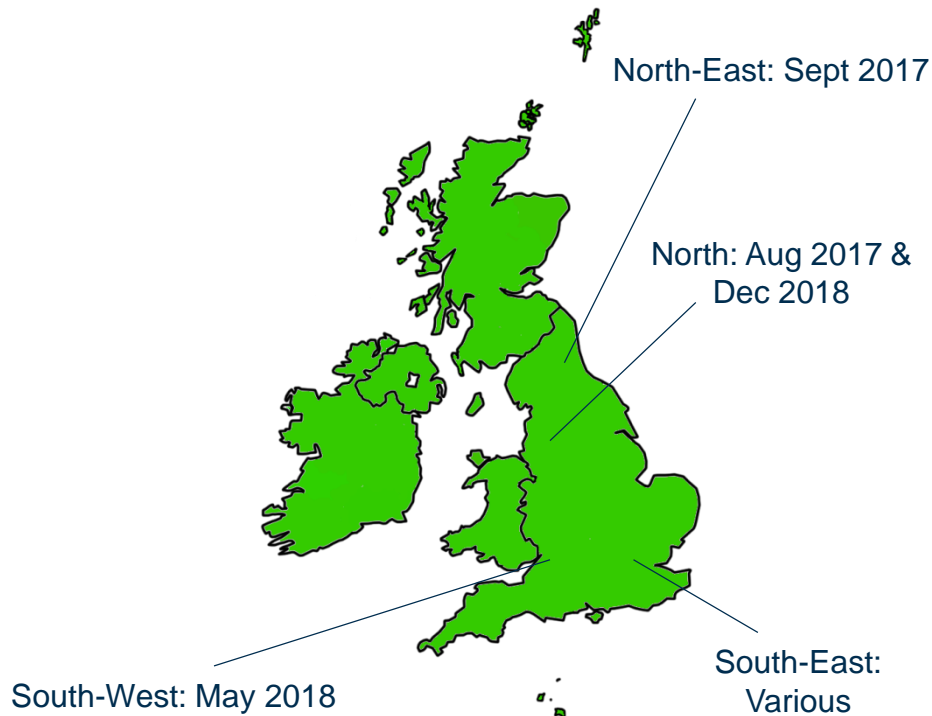
Programme of Regional Visits – 20+
AFM Members Visited

Discussion Points - Firms

- Business Model Viability
- Consolidation
- Membership Issues
- Solvency II

PRA Topics

- Governance
- Capital Management
- Business Model Viability



PRA Approach - Management and Governance

Figure 1 The PRA's risk framework



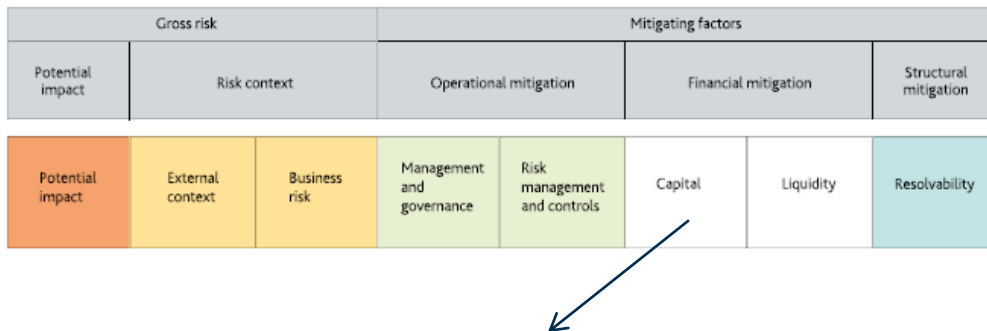
Good Governance
– A key risk mitigant

- Independence
- Effective Succession Planning
- Strategic
- Forward Looking
- Prudent



PRA Approach – Capital Management

Figure 1 The PRA's risk framework



Capital – Financial Mitigant

- Meets capital requirements now, and in the future
- Anticipates the capital effects of business decisions
- Establishes an appetite for SCR breaches
- Understands the key capital sensitivities



PRA Approach – Business Model Viability

Figure 1 The PRA's risk framework



Sets the risk context – key business features and the environment in which the firm operates

- Realistic business planning
- Understanding of the market and likely developments
- Assessment of commercial strengths
- Contingency planning



The Future?

“It is hard to Speculate What Tomorrow Might Bring”

- The market will change faster than in the past?
 - Technology as the enabler
 - Blurring of insurance with other sectors
 - Distribution
 - Demographics
- Mutuality as a commercial differentiator?



New Insurer Start-up Unit

Thinking about becoming a new insurer?

Early stages

The Early Stages section goes through the basics, including whether setting up an insurer is the right thing for you, and what the alternatives might be.

Thinking about becoming a new insurer?

What do you need to do to get started?

Pre-application

If you decide that you want to become an insurer, you may find the Pre-application section helpful. It includes details of the pre-application meetings which, in our experience, have been helpful to both sides as we share our expectations and you can work out what this means for you and your resources.

What do you need to do to get started?

What happens when you apply to become an insurer?

Application

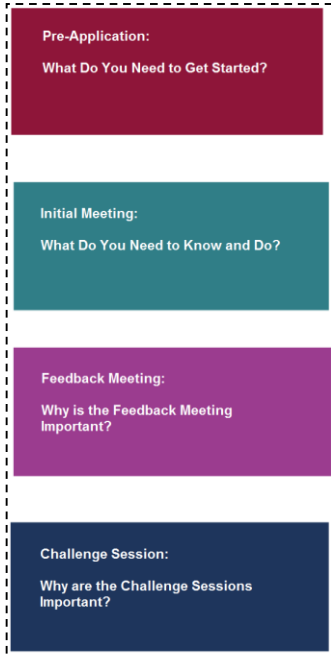
You can look ahead to find out what happens when you apply to become a new insurer in the Application section. The application section includes information about what we will assess, and how long it could take to give you a decision.

What happens when you apply to become a new insurer?

- The PRA and FCA launched the New Insurer Start-up Unit (NISU) in August 2018. The NISU mirrors the approach adopted by the New Bank Start-up Unit.
- The NISU aims to make information about our authorisation process clearer and more accessible to prospective new insurers.
- The NISU is supported by a [webpage](#) on the Bank of England's website which contains a new [guide](#).
- Potential applicants can contact the NISU via email at NewInsurerStartupUnit@bankofengland.co.uk or by phone via 020 3461 8100.
- We hope that the new guidance will give potential applicants a stronger understanding of the requirements they need to meet to be authorised



New Insurer Start-up Unit



- The NISU is part of the regulators' ongoing work to improve the authorisation process for prospective new insurers in the UK.
- We want the process, information, and materials to be helpful for potential applicants so that we can have an effective and efficient way of working together.
- We will use the NISU webpage to invite industry views on the perceived barriers to entry for new insurers. This feedback will then be used to inform our future work on this topic.
- Going forward, the PRA and the FCA will consider how the approach to authorising and supervising new insurance firms could be further developed, potentially to allow for a mobilisation phase as used by the New Bank Start-up Unit.

