

The New Regulatory System

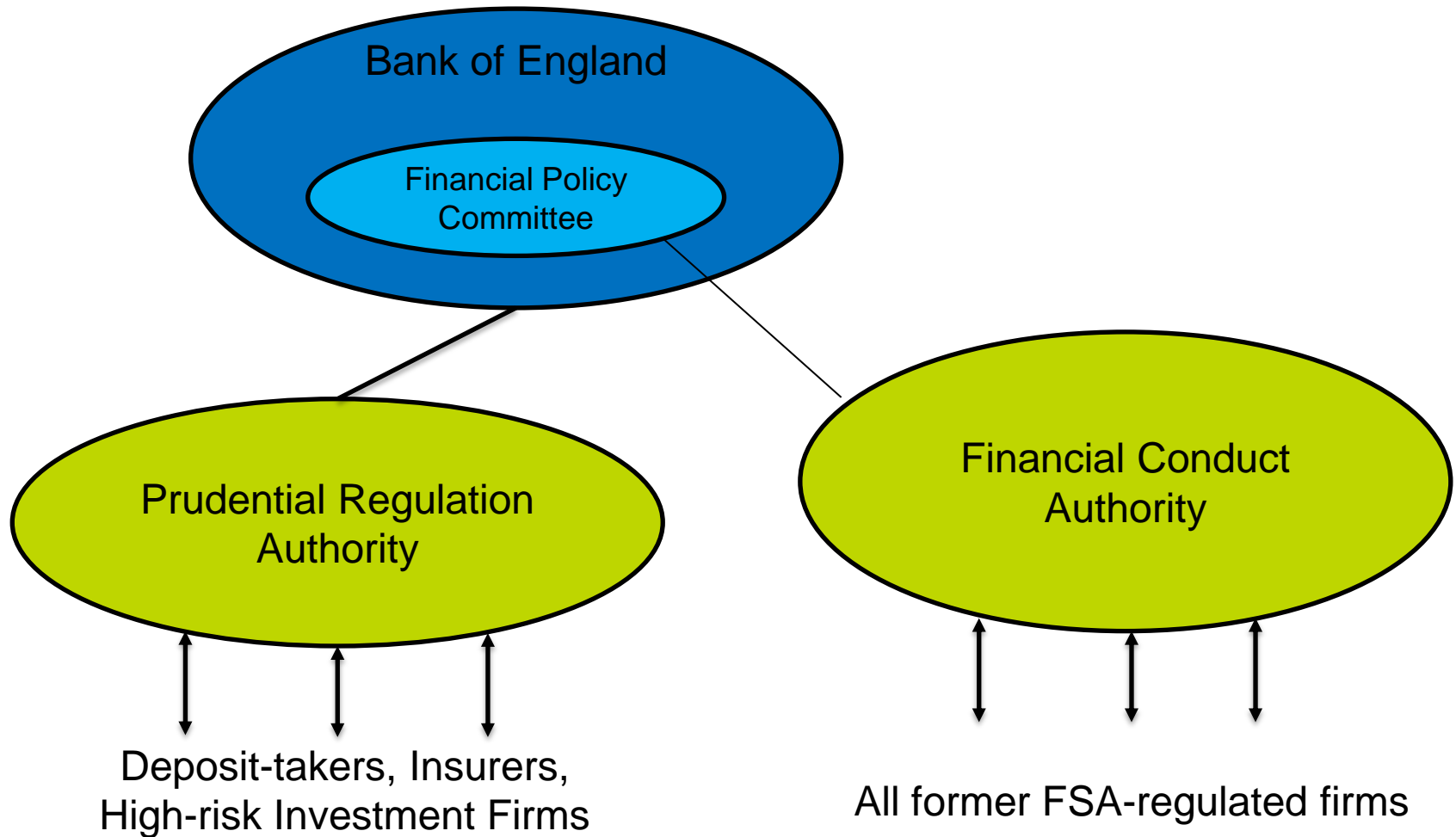
How will it affect mutual insurers?

John Gilbert, Consultant

28 February 2012



The Structure



PRA Objectives

General Objective:

"Promoting the safety and soundness of PRA authorised firms"

Insurance Objective:

"Contributing to the securing of an appropriate degree of protection for those who are or may become policyholders"

With-Profits Objective:

"Securing an appropriate degree of protection for those who are or may become policyholders"

FCA Objectives

Strategic objective:

"Ensuring that the relevant markets function well"

Operational objectives:

"To secure an appropriate degree of protection for consumers"

"To protect and enhance the integrity of the UK financial system"

"To promote effective competition in the interests of consumers in the markets for regulated financial services and services provided by regulated investment exchanges"

FCA: The Consumer Protection Objective

Objective: "To secure an appropriate degree of protection for consumers"

- Statutory factors the FCA must take account of
 - differing degrees of risk in different investments
 - differing degrees of experience and expertise among consumers
 - consumers' need for timely information and accurate advice
 - consumers' responsibility for their decisions
 - expectation that providers provide appropriate level of care with regard to risk involved in an investment
 - input from MAS
 - input from FOS

FCA Objectives – Competition Objective

Objective "Promoting effective competition in the interests
: of consumers"

- Statutory factors the FCA must take account of
 - the needs of different consumers who use or may use the services, including their need for information
 - the ease with which consumers can change providers
 - the ease with which new entrants may enter the market
 - how far competition encourages innovation

Shared Regulatory Principles between PRA and FCA

- Efficiency
- Proportionality
- Consumer Responsibility
- Senior Management Responsibility
- Openness and Disclosure
- Transparency

Interaction between PRA and FCA

- Memorandum of Understanding
- With-Profits Firms
 - PRA is lead regulator
 - PRA and FCA to establish mechanisms to identify and coordinate their relevant responsibilities
 - FCA to provide advice to PRA within FCA's area of expertise
- Rule making
- Information sharing
- Supervisory colleges (not joint supervision)

Other Issues

- TCF
- Product Intervention
- Register of regulated firms
- Approved persons
- Rules
- Mutual Societies Registration Office

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