

By email to: CP8_25@bankofengland.co.uk

PRA Fees Policy Team
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9 May 2025

AFM Response to CP8/25 – Regulated fees and levies: Rates proposals for 2025/26

1. I am writing in response to this consultation paper, on behalf of the Association of Financial Mutuals.

About AFM and its members

2. The Association of Financial Mutuals (AFM) represents insurance and healthcare providers that are owned by their customers, or which are established to serve a defined community (on a not-for-profit basis). The mutual insurance sector manages the savings, pensions, protection and healthcare needs of over 26 million people in the UK and Ireland, collects annual premium income of over £23 billion, and employs nearly 23,000 staff¹.
3. The nature of their ownership and the consequently lower prices, higher returns or better service that typically result, make mutuals accessible and attractive to consumers, and have been recognised by Parliament as worthy of continued support and promotion. FCA and PRA are required to analyse whether new rules impose any significantly different consequences for mutual businesses² and to take account of corporate diversity³. Further, the Government have committed to double the size of the mutual sector as part of their agenda to grow the UK economy. FCA and PRA have been issued secondary competitiveness and growth objectives which should inform how they examine the impacts of regulation on mutual firms.

¹ ICMIF and AFM, 2023: <https://financialmutuals.org/wp-content/uploads/2023/10/UK-Market-Insights-2023.pdf>

² Financial Services Act 2012, section 138 K: <http://www.legislation.gov.uk/ukpga/2012/21/section/24/enacted>

³ Bank of England and Financial Services Act 2016, section 20
<http://www.legislation.gov.uk/ukpga/2016/14/section/20/enacted>

Comments on the consultation

4. We support the PRA's proposals for fees and levies for 2025/26 as they pertain to friendly societies and financial mutuals. Individual firm fees are proportionate to the size of the business, ensuring that costs are distributed fairly and in alignment with the regulator's stated approach to policy.
5. We support the proposal to maintain the 11% discount to non-Directive general insurance firms' periodic fees and the exclusion of non-Directive life insurance firms from paying any periodic fees.
6. The new proposals for 2025/26 include the reduction of minimum fees for small non-Directive friendly societies to £0, which we support. This helps to alleviate disproportionate cost burdens on particularly small businesses.
7. We note that the fees payable by mutual firms are lower than the cost to the PRA of supervising these firms. However, the accommodations laid out in the proposals are a helpful step towards achieving the Government's aspiration to double the size of the mutual sector. Mutuals are an important part of a healthy, diverse economy and we encourage the PRA to foster the sector's growth wherever possible.

Yours sincerely,

A handwritten signature in black ink that reads "Stephanie Blenko". The script is cursive and fluid.

Stephanie Blenko
Head of Policy
Association of Financial Mutuals