



PRA Practitioner Panel and Insurance Sub-committee – Annual Report

1 March 2018 to 28 February 2019

1 Overview

1.1 In 2018/19 the PRA Practitioner Panel (Panel) continued to effectively represent the interest of practitioners by considering and providing appropriate scrutiny on significant PRA policy and regulatory developments which benefit from Panel input. This has been achieved through regular discussions with relevant PRA and wider Bank of England policy leads, senior management, and Prudential Regulatory Committee (PRC) members at Panel meetings.

1.2 The Panel's established approach of early engagement is central to its ability to add value to the PRA's approach to policymaking. The Panel is committed to continuing to provide challenge and advice to the PRA, ensuring that practitioners' views are appropriately considered.

1.3 In February 2018 Sam Woods (Deputy Governor for Prudential Regulation and Chief Executive Officer (CEO) of the PRA) announced the creation of the Practitioner Panel Insurance Sub-committee (Sub-committee).¹ The Sub-committee met for the first time in July 2018. The Sub-committee provides a dedicated forum to discuss the PRA's policies and practices related to the insurance sector.

1.4 Like the Panel, the Sub-committee follows the approach of early engagement to enable added value to policies. Additionally, information is shared between the Sub-committee and the Panel.

2 PRA Practitioner Panel

Panel membership – as at March 2019

- James Bardrick, Chief Executive Officer, Citigroup Global Markets Limited and Citi Country Officer, UK – **UK Finance**
- Nathan Bostock, Chief Executive Officer, Santander UK – **UK Finance**
- Mary-Anne Daly, Chief Executive Officer, Cazenove Capital, UK – **Personal Investment Managements & Financial Advice Association (PIMFA)**
- Martin Fisher, Regulatory and Legal Officer for Northern Ireland, Irish League of Credit Unions – **NI Credit Unions**
- Martin Gilbert, Vice Chairman, Standard Life Aberdeen plc & Chairman, Aberdeen Standard Investments – **The Investment Association (Practitioner Panel Chair)**
- Tim Harris, Deputy Group Chief Executive Officer & Group Finance Director, Royal London – **Association of British Insurers**

¹ PRA Speech 'Looking out for the policyholder', February 2018: <https://www.bankofengland.co.uk/speech/2018/sam-woods-association-of-british-annual-conference>.

- Robert Kelly, Chief Executive Officer, Association of British Credit Unions Limited (ABCUL) – **Mainland UK Credit Unions**
- Francesca McDonagh, Chief Executive, Bank of Ireland Group – **UK Finance**
- Helen Pickford, UK Chief Financial Officer, Zurich Insurance Group – **Association of British Insurers**
- Ashraf Piranie, Group Finance and Operations Director, West Bromwich Building Society – **Building Societies Association (Practitioner Panel Deputy Chair)**
- Mark Rhys, Banking Partner, Deloitte – The Institute of Chartered Accountants in England and Wales (ICAEW)/ The Institute of Chartered Accountants of Scotland (ICAS)
- William Smith, Managing Director, Head of EMEA, BMO Financial Group – **Association of Foreign Banks**
- Victoria Stubbs, Chief Risk Officer, The Cambridge Building Society – **Building Societies Association**
- Richard Ward, Executive Chairman, Ardonagh Specialty – **Association of British Insurers**

2.1 Ashraf Piranie began his second term on the Panel, which will end in November 2019. As outlined in the Panel’s Terms of Reference,² members serve for a three year term with the opportunity of extending this for an additional term.

Panel engagement with the PRA

2.2 The Panel met four times during the reporting period. As in prior years, Panel members were provided with briefings from, and had discussions with, relevant PRA policy leads. Meetings were attended by Executive Directors from the PRA and policy area of the Bank of England, as well as the PRA CEO on some occasions. Key outcomes and insights from these meetings continue to be fed back to relevant decision makers and policy leads within the PRA and the Bank of England, contributing to the policy making process.

2.3 The Panel Chairman and the PRA CEO continue to hold bilateral meetings to discuss the Panel’s views and other relevant issues.

² <https://www.bankofengland.co.uk/-/media/boe/files/about/prc/practitioner-panel-terms-of-reference.pdf>.

Items considered by the Panel and impact on the PRA

2.4 The following items are examples of where the Panel's views were sought and where significant added value to the policy process over the reporting period was provided.

Issue	Description
European Union (EU) Withdrawal preparations	The Panel received periodic updates on the Bank of England's EU Withdrawal preparations, on which it gave feedback on approach and work ahead of the UK's exit from the EU.
The PRA's changing approach to Fintech	The Panel held a discussion on the risks, benefits, and potential changes arising from the developments of the Bank of England's Fintech Hub, launched in March 2018, with the aim of supporting the Bank's 2018/19 strategic goal to understand and apply Fintech developments relevant to the Bank's Mission.
Climate-related financial risks	The Panel held a discussion around climate-related financial risks and related research developments. The Panel also discussed future opportunities where the Panel could input further and share best practice on the ongoing work.
Structural Reform	The Panel continued to receive progress reports during the year regarding work on Structural Reform, and provide comments ahead of implementation on 1 January 2019.

Panel Forward Agenda

2.5 The Practitioner Panel is scheduled to meet six times in the 2019/20 reporting period. The Forward Agenda will continue to be shaped by Panel members, and the PRA Executive and Senior Management Team. The focus of the agenda will continue to include items that are at an early stage of policy development. However, some topics such as EU withdrawal, transition to alternative risk free rates, operational resilience and the Senior Managers Regime form the basis of an ongoing dialogue with the Panel, and are expected to return to the agenda as they continue to develop. The agenda will also include any emerging and urgent issues that would benefit from a Panel discussion, as determined by the Panel or at the request of the PRA.

3 Practitioner Panel Insurance Sub-committee

Panel membership – as at March 2019

- Andrew Chamberlain, Past Chair of Life Board, Institute and Faculty of Actuaries (IFoA) – **IFoA**
- Paul Corver, Chairman, Insurance & Reinsurance Legacy Association (IRLA) – **IRLA**
- Angela Darlington, Group Chief Risk Officer, Aviva – **Association of British Insurers**
- Tim Harris, Deputy Group Chief Executive Officer & Group Finance Director, Royal London – **Association of British Insurers (Sub-committee Chair, on rolling basis)**
- Tracey Hunt, Deputy Chief Executive Officer, UK and Regional Manager for Energy, Allianz Global Corporate & Specialty – **International Underwriting Association**
- Helen Pickford, UK Chief Financial Officer, Zurich Insurance Group – **Association of British Insurers (Sub-committee Chair, on rolling basis)**
- Penny Shaw, Chief Risk Officer, Chaucer – **Lloyd’s Market Association (LMA)**
- Stuart Tragheim, Chief Executive Officer, Holloway Friendly – **Association of Financial Mutuals**
- Richard Ward, Executive Chairman, Ardonagh Specialty – **Association of British Insurers Mutuals (Sub-committee Chair, on rolling basis)**
- Hilary Weaver, Chief Risk Officer, Lloyds – **Lloyds***

* Hilary Weaver stepped down as a member of the Sub-committee in March 2019. The PRA is currently in the process of appointing a replacement member.

3.1 During 2018 Sub-committee members James Dover stepped down as representative of the LMA, and Penny Shaw joined as his replacement.

Sub-committee engagement with the PRA

3.2 Since its creation, the Sub-committee has met two times within the reporting period. Similarly to the Panel, members were provided with briefings from, and had discussions with, relevant policy leads, and meetings were attended by Executive Directors and Directors from the PRA, as well as the PRA CEO for the first meeting.

Items considered by the Sub-committee and impact on the PRA

3.3 The following items are examples of where the Sub-committee's views were sought and where significant added value to the policy process over the reporting period was provided.

Issue	Description
The Insurance Capital Standard	The Sub-committee received a presentation on the Insurance Capital Standard (ICS) and gave their input on the approach to the development of the ICS.
The extension of Senior Managers and Certification Regime (SM&CR) to insurers	The Sub-committee provided practical insights of their experience and lessons learnt from the implementation of the Senior Insurance Managers Regime, and their thoughts on the extension of SM&CR to insurers.
Liquidity Risk Management	The Sub-committee gave their views on insurers' exposure to liquidity risk, including holding a discussion around the prominence of liquidity risk and arrangements in place for stress testing.
New Insurer Start-up Unit	The Sub-committee received an overview, and held a discussion, around the New Insurer Start-up Unit. Sub-committee members shared their thoughts around insurance authorisation applications.

Sub-committee Forward Agenda

3.4 The Sub-committee is scheduled to meet three times in the 2019/20 reporting period. The Forward Agenda is, and will continue to be, shaped by Sub-committee members, the Prudential Policy Directorate Senior Management Team and the Insurance Supervision Senior Management Team. The focus of the agenda will include items that are at an early stage of policy development.

June 2019