

**Bank of England PRA**

# CP15/24 PRA-Industry Roundtable

22 January 2025



# Agenda

- Context & Introduction
- Q&A
- Any other business (AOB)
- Next steps

## Context & Introduction

- CP15/24 outlines proposed changes to the UK's Insurance Special Purpose Vehicles (UK ISPV) regulatory framework.
- The proposed changes aim to enhance the UK's position in the global insurance-linked securities (ILS) market while maintaining robust safety and soundness of UK ISPVs and policyholder protection.
- The purpose of this roundtable is to provide stakeholders the opportunity to seek clarity on the policy proposals by asking questions to assist with their planned responses to CP15/24. Conducted under 'Chatham House Rule' and so opinions expressed at this meeting will not be attributed to individuals.
- This roundtable does not substitute the requirement to provide a formal, written response via the official mailbox [CP15\\_24@bankofengland.co.uk](mailto:CP15_24@bankofengland.co.uk) by 14 February 2025.

## Q&A – Structure

- Chapter 2: Proposed structural changes to the UK ISPV regime
- Chapter 3: Proposed changes to the authorisation process and use of UK ISPVs
- Chapter 4: Proposed changes to expectations of (re)insurers ceding to SPVs
- Chapter 5: Proposed changes to the Senior Managers and Certification Regime
- Updated application forms and new Statement of Policy replacing SS8/17

## Q&A – Chapter 2

### Proposed structural changes to the UK ISPV regime:

- **AMRE and Investment returns**

Allow retained investment returns to cover the AMRE, including an increased AMRE over time

- **Multi-arrangement ISPVs (MISPVs)**

Allow MISPVs to be formed as non PCCs, where the risks assumed constitute a single contractual arrangement

Assets covering one risk transfer agreement cannot be co-mingled with assets covering another risk transfer agreement – **Ref Rule 2.2A(3)**. The PRA would be interested to understand, via the consultation responses, any negative implications this proposed rule may have.

- **Grace periods**

Allow for a 30 – business day contractual ‘grace period’ at the start of a risk transformation transaction, subject to certain criteria

- **Limited Recourse Clauses (LRCs)**

Provides clarifications on the use of LRCs

## Q&A – Chapter 3

### **Proposed changes to the authorisation process and use of UK ISPVs:**

- **Changes to authorisation process**

Provides a non-exhaustive list of supporting documentation and sets out the use of key contractual provisions or terms and conditions.

- **Accelerated pathway for certain type of UK ISPVs**

The application needs to meet specific criteria for approval within 10-working days. It is for applicants to ensure that the criteria are met but the PRA expects that a placement of Rule 144A cat bonds is likely to meet the necessary criteria.

## Q&A – Chapter 4

### **Proposed changes to expectations of (re)insurers ceding to SPVs:**

- **General expectations**

New SS setting out the PRA's expectations in respect of the use of SPVs by UK cedants, including clarity on how risks in relation to LRCs and grace periods should be managed

- **Long-term insurance risks**

Restriction on the transfer of annuities and similar risks to SPVs

## Q&A – Chapter 5

### Proposed changes to the Senior Managers and Certification Regime:

- **New SMF ISPV**

Changed definition of the Chief Executive function (SMF1) for UK ISPVs

- **Reduction from 3 SMFs to 1 SMF**

No more requirement for SMFs 2 and 9



# Q&A – Application forms and Statement of Policy

- **Updated application forms**

Separate application forms created for expedited applications and others. The existing applications forms have been updated with more clear cross referencing

- **New Statement of Policy replacing SS8/17**

A Single document covering both authorization and supervision of UK ISPVs. Covers all relevant elements from SS8/17 while also including new elements, including the accelerated pathway

Any other  
questions



## Next steps

- This roundtable does not substitute the requirement to provide a formal, written response to the CP.
- The consultation closes on **14 February 2025**.
- Stakeholders are reminded to send responses to the official mailbox [CP15\\_24@bankofengland.co.uk](mailto:CP15_24@bankofengland.co.uk).
- The PRA encourages respondents to provide additional information and evidentiary support as part of their consultation responses.
- The associated policy statement is due for publication mid-2025, with an expected implementation date also mid-2025.