

Minutes

PRA/ABI – Liquidity Subject Expert Group (L-SEG) – First meeting

23 April 2024

Time: 10:00 – 11:30

Location: 20 Moorgate, MS Teams

Attendees: **Members of the PRA**

Representatives of the following insurance firms and trade bodies:

ABI

Allianz

Aviva

Axa

Just

L&G

Scottish Widows

LV=

M&G

Phoenix

PIC

Rothesay

Royal London

Scottish Equitable

Wesleyan



Item No. Minute

1. Members of the PRA introduced themselves and the PRA Chair and industry co-Chair welcomed everyone to the meeting. Industry and trade body representatives introduced themselves.
2. The PRA explained that there will be five L-SEG meetings in 2024 with the aim of publishing a consultation paper in due course.
3. The PRA explained that it intends to introduce liquidity reporting requirements via a standardised template to facilitate more timely information on firms' liquidity positions in peacetime and in stress.
4. The PRA stated that it has requested the L-SEG members provide examples of their liquidity MI (management information), which will be used as an initial building block for the new reporting template and noting that it will not be the only input. The ABI agreed with the usefulness of this request.
5. The PRA said that it wished to explore with the L-SEG the feasibility and value of different reporting frequencies, with one frequency in peacetime and the possibility of accelerated reporting during stress.
6. The PRA asked for views from L-SEG members on the main sources of liquidity strain in insurers, in particular: sources of liquidity risk that may cause short term but severe stresses (for example the "Dash for Cash" and LDI events).
7. The industry attendees noted several potential liquidity sources which may present cash flow variability, such as collateral requirements on derivative contracts, outflows arising from insurance operations, such as claims and surrenders as well as unit-shortings, and liquidity needs of off-balance sheet vehicles, such as securitisation entities.
8. Industry representatives agreed with the proposed topics presented by the PRA and the industry co-Chair for future L-SEG discussions.
9. The PRA thanked the L-SEG members for their input and looked for their engagement in the future meetings.