

Minutes

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

23 July 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

LBG

LV=

M&G

Phoenix

PIC

Rothesay

Royal London

Wesleyan



Item No. Minute

1. Members of the PRA introduced themselves and the PRA co-Chair welcomed everyone to the meeting. Industry and trade body representatives introduced themselves.
2. Since the previous L-SEG, the PRA had issued an ad-hoc template, and cost-benefit analysis (CBA) questionnaire, and encouraged firms to complete both requests. The meeting began by discussing industry feedback on both items, submitted to the PRA via the ABI and provided in advance of the meeting. The PRA discussed the CBA elements of the feedback first, given the PRA had communicated that the industry should prioritise completion of the CBA questionnaire above the quantitative spreadsheet. The PRA reminded industry that the CBA questionnaire should be completed on a best endeavours basis.
3. Industry attendees questioned how the results of the CBA questionnaire would dovetail with other elements of the policy development process. The PRA explained that the CBA questionnaires would be a key input into its CBA. The PRA would consult its external CBA panel on the preparation of the CBA. It would be emphasised that the CBA estimates had been submitted by firms on a best endeavours basis.
4. An industry attendee asked whether, when responding to the CBA questionnaire, the PRA wanted data for each legal entity within a group to be reported separately, and if the PRA was asking for all envisaged liquidity pools to be covered. The PRA noted it would like to see as much data as possible, but an approximation was agreeable for solo entities.
5. Turning to feedback on the quantitative ad-hoc template, a number of industry attendees provided feedback on the PRA's request to provide historical data points, given the nature of firms' current focus on reporting future, not past, liquidity stresses. The PRA noted that this was clearly a shared issue across the industry.
6. Industry and PRA attendees discussed a range of other holistic feedback points in relation to the quantitative ad-hoc template. These included; granularity of cash flows, intra-group reporting, CSA reporting, time horizons, downgrade options, and risk sensitivities. The PRA agreed to consider all points of feedback ahead of formal consultation.
7. The PRA encouraged industry to submit any questions and explained that an FAQ document would be created and shared with firms in due course. The PRA thanked attendees for their time.