

Application for Authorisation

Notes for application form – UK branch of an international insurer

Please take time to read these notes carefully, they will help you to fill in the application form correctly.

When completing the application form you will need to refer to the [PRA Rulebook](#) and the [FCA Handbook](#).

If after reading these notes you need more help please:

- check the [PRA website](#)
- check the [FCA website](#)
- call the PRA Authorisation Helpline: 020 3461 7000
- email the [PRA](#)
- call the FCA Customer Contact Centre on 0300 500 0597
- email the [FCA Customer Contact Centre](#)

These notes, while aiming to help you, do not replace the rules and guidance in the PRA Rulebook and the FCA Handbook.

Important information

We will only authorise a firm if we are satisfied that it meets conditions known as the PRA Threshold Conditions and the FCA Threshold Conditions. These are the minimum requirements that a firm must satisfy to be and remain authorised. The PRA and the FCA each have their own Threshold Conditions that must be satisfied and these are set out in FSMA Schedule 6.

A branch of an international insurer forms part of a legal entity incorporated outside the UK (the applicant firm). Any authorisation applies to the whole firm and therefore the whole firm will be assessed against both sets of threshold conditions.

Terms in the application form and in these notes

These notes use the following terms:

- 'you' refers to the persons signing the form on behalf of the applicant firm;
- 'applicant firm' or 'firm' refers to the firm applying for authorisation;
- 'UK branch' refers to the UK branch of the applicant firm;
- 'PRA', 'FCA' 'we', 'us' or 'our' refers to the Prudential Regulation Authority and/or the Financial Conduct Authority; and
- 'FSMA' refers to the Financial Services and Markets Act 2000.

General information

Important information

Other regulated activities

The applicant firm should also provide details of any other regulated activities the firm intends to carry on in connection with this business e.g. management of investments. Any such activities must be for the purposes directly arising from its insurance business (Conditions Governing Business 9.1 of the PRA Rulebook).

Proposed Swiss branches should note the below. **Any potential applicant wishing to apply as a third country branch from Switzerland is strongly encouraged to discuss their plans with the PRA and the FCA at the earliest available opportunity.**

PRA Supervisory Statement SS2/18 relating to international insurers does not apply to Swiss General Insurers, as defined in the PRA Rulebook, to which different requirements apply pursuant to the Swiss Treaty Agreement (No. 91/370/EEC).

An Agreement was signed, on 24 January 2019, between the United Kingdom and Switzerland on direct insurance other than life assurance (UK-Swiss Direct Insurance Agreement). The new UK-Swiss Direct Insurance Agreement replicates the terms of the existing agreement between Switzerland and the European Union (EU-Swiss Direct Insurance Agreement). The new UK-Swiss Direct Insurance Agreement will come into force once the UK is no longer subject to the existing EU-Swiss Direct Insurance Agreement.

Applicant firms wanting to establish a composite third country branch

Subject to the limited exceptions described in this paragraph, the PRA and FCA will not authorise a Third Country Branch with permission to carry on both long-term insurance business and general insurance business unless the long-term insurance business is restricted to reinsurance business. Insurance companies permitted or seeking permission to carry on long-term insurance business are, however, able to apply for permission to carry on general insurance business in the specified investment categories 'accident' and 'sickness'.

See the Composites Part of the PRA Rulebook and PRA Supervisory Statements SS8/15 on Composites and SS44/15 on third-country insurance and pure reinsurance branches.

Applicant firms should ensure that they have taken into account the [latest information](#) regarding the UK's withdrawal from the EU.

1

Core details

Contact for this application

1.1 Contact details of the person we will get in touch with about this application.

This should be someone in the UK. If you feel that a second contact name is useful, e.g. if the main contact will not be available for a long period of time, please provide details.

Details of professional advisers

Some applicant firms seek professional help in completing the application (e.g. from a compliance consultant or lawyer). Questions 1.2 to 1.4 ask if the applicant firm has had such help, and if so, requests details of its adviser.

1.2 Have you used a professional adviser to help with this application?

No additional notes.

1.3 Name of professional adviser's firm

No additional notes.

1.4 Name and contact details of professional adviser

No additional notes.

Important information

1.5 Principal place of business of the UK branch of applicant firm (this will appear on the Financial Services Register)

Once authorised, this address will appear on the firm's public entry on the Financial Services Register. Please note that for this purpose the principal place of business means the main place where work is performed or business is carried on.

1.6 Date of registration of UK branch at Companies House (dd/mm/yyyy)

No additional notes.

1.7 UK branch registered number at Companies House

You should state the applicant firm's registration number in the country that it is registered in.

1.8 Principal place of business of the applicant firm

Please note that for this purpose the principal place of business means the main place where work is performed or business is carried on.

1.9 Registered office address if different from the principal place of business

No additional notes.

1.10 Date of incorporation or formation of the applicant firm (dd/mm/yyyy)

No additional notes.

1.11 Home state registration number

No additional notes.

1.12 Where is the applicant firm's head office?

No additional notes.

1.13 Does the applicant firm have a website address?

We may look at this when processing the application.

1.14 Contact person's details for Complaints (this will appear on the Financial Services Register)

Senior Management functions are the jobs or responsibilities in a business that have a particular regulatory significance. You can find more information about the senior managers' regime here:

- [PRA Functions](#)
- [FCA Functions](#)

Financial year end

1.15 Date of the applicant firm's financial year end (dd/mm)

Once authorised, this is the date that will be used to determine the firm's deadlines for reporting to us.

Details of auditor

1.16 Does the applicant firm have an auditor?

Auditors can act as a source of information for us in our ongoing supervision of firms. They will report, where required, on the financial resources of the firm, the accuracy of its reports to us and a firm's compliance with particular rules and requirements – for example, the client asset rules.

Sensitive business names

No additional notes

1.17 Does the applicant firm intend to change the registered name given on the front of this form upon authorisation?

No additional notes

1.18 Does the applicant firm intend to use any trading names as well as the name given on the front of this form?

This is important for our ongoing supervision of the applicant firm, if authorised, so we can track a firm's activity through any financial promotions, e.g. adverts. It may also help us in the handling of any complaints against the firm.

History of applicant firm

1.19 Has the applicant firm been refused – or had revoked – any licence, membership, authorisation, registration or other permission granted by a financial services regulator or government body in the UK or overseas?

No additional notes.

1.20 Has the applicant firm after making an application to a regulatory body for:

- A licence
- Authorisation
- Registration
- Notification
- Membership, or
- Other permission granted by a regulatory body

Decided not to proceed with it?

No additional notes

1.21 If the answer to question 1.19 or 1.20 is yes, please give a full explanation of the events in question below.

No additional notes.

Who controls (owns) the applicant firm?

1.22 Controllers and Close Links

This information helps us to understand who controls/owns the applicant firm and the relationships the firm might have with other individuals or entities.

Broadly speaking controllers fall under the definitions detailed below:

- (1) holds 10% or more of the shares, rights limited to shares or the voting power in the applicant firm or its parent undertaking
- (2) is able to exercise significant influence over the management of the applicant firm through their shareholding or voting power in the applicant firm or its parent undertakings

Please see s422 of FSMA for the definition of a controller and Schedule 6 Part 1D 4F of FSMA for more information on close links.

Broadly speaking, an applicant firm is part of a group if it is:

- a parent undertaking
- a subsidiary undertaking
- a subsidiary undertaking of a parent undertaking
- a parent undertaking of a subsidiary undertaking

You must include information on the group structure chart or in additional sheets, if you answer 'Yes' to the questions below.

1.23 Controller Forms

No further notes.

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

1.24 Will the applicant be required to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and supervised by the FCA?

For further help please refer to our website: www.fca.org.uk/firms/money-laundering-terrorist-financing/registration.

2

Regulatory business plan (scheme of operations)

The applicant firm's description of its UK Branch's proposed business is an important part of the overall application and integral to our decision-making. The amount of detail submitted should be proportionate to the scale and complexity of the proposed business.

Regarding the Threshold Conditions, the PRA and the FCA need to be satisfied that the applicant firm can for example:

- demonstrate the ongoing viability of its business model
- demonstrate the applicant firm has sufficient worldwide financial resources and able to pay UK branch liabilities when due
- identify all the regulated activities and any unregulated business that it intends to carry on
- demonstrate that it will have the skills, competence and governance arrangements appropriate to manage the UK business. With regard to governance we assess effectiveness, not merely design. We pay particular attention to a firm's conduct risk framework, i.e. whether the firm has effective governance arrangements in place to identify the risk of harm to consumers and markets,
- demonstrate that the business will be run in a prudent manner
- explain how it will identify, monitor and manage the business risks
- identify how UK branch policyholders will be treated in a winding-up scenario
- take into account any future plans

The applicant firm must be capable of being effectively supervised by both the PRA and the FCA. You can find more information about our Threshold Conditions on the PRA and FCA websites and about business risks and controls in the SYSC Sourcebook of the Handbooks.

Background

2.1 Confirm that the applicant firm is:

An insurance undertaking authorised by its home regulator to undertake contracts of insurance which plans to operate in the United Kingdom as a third country branch. Please confirm which regulatory authority has provided the home state authorisation with contact details if known.

2.1.1 What type of insurance business does the applicant firm underwrite?

No additional notes.

2.1.2 What type of insurance business does the UK branch propose to underwrite?

No additional notes

2.1.3 What is the rationale for the application and what is the intended business strategy (including how this fits into the whole firm's/group's overall future strategy)?

Please include a description of the business model, distribution chain, main products and target customers and any planned changes. In addition to this, please include details of the proportion of the overall legal entity business, which will be sourced via the UK branch.

2.1.4 Firms should include a scheme of operations, containing the content as described in Article 163 of the Solvency II Directive, as part of their Regulatory Business Plan. Firms should also provide a copy of the latest branch own risk and solvency assessment (ORSA) report.

Article 163 of the Solvency II Directive requires applicant firms, as part of their regulatory business plan, to include a scheme of operations (see also SS44/15 and Chapter 5 of the Third Country Branches Part of the PRA Rulebook). Additionally, Rule 3.8 of the Conditions Governing Business Part of the PRA Rulebook requires firms to provide a copy of the latest Own Risk and Solvency Assessment (ORSA) report for the whole firm, together with an explanation for any areas where the impact on the UK branch is not appropriately covered in that report. However, to avoid overlap between documents, firms should determine the most appropriate presentation for their regulatory business plan, scheme of operations and proposed ORSA report.

Insurance activities

2.2 Describe the insurance activities that the applicant firm is proposing to conduct in the United Kingdom, including an explanation of how those activities relate to the business of the firm as a whole.

The applicant firm should provide sufficient information to enable the PRA and FCA to understand its insurance activities.

This may include but not restricted to the following areas:

- the applicant firm's proposed insurance products
- the nature and location of risk
- the corresponding insurance classes that the risk relates to
- details of any risk written on an ancillary or supplementary basis and how this is permitted

2.2.1 Is the UK branch proposing to underwrite direct motor liability business within the United Kingdom?

Insurance companies authorised to write motor business are required to be members of the Motor Insurers Bureau ('MIB') by section 145(5) of the Road Traffic Act 1988. The MIB provides a fund for the compensation to victims of untraced or uninsured drivers and motor insurers are required to contribute to the fund pro-rata to the number of policies issued. Hence the PRA will require that applicant firms intending to write direct motor business provide evidence that they are a member of the MIB before authorisation is granted. The address of the MIB is:

152 Silbury Boulevard
Central Milton Keynes
MK9 1NB
Tel: 01908 240000

Direct motor insurers are also required to provide data to the Motor Insurers' Information Centre (MIIC), a subsidiary of MIB. The MIIC is responsible for monitoring compliance of the Motor Insurance Database which is used to combat uninsured driving. The PRA would normally provide contact details of relevant applicants to both MIB and MIIC.

2.2.2 Is the UK branch proposing to write legal expenses insurance?

No additional notes.

2.2.3 Describe the proposed sources of the insurance business written by the UK branch and provide an analysis of the approximate percentage from each source, split between sources in the United Kingdom and elsewhere, if there is any.

Here the PRA and FCA seek to understand the distribution channels that will be used by the applicant to market its insurance products.

For a general insurance company only a brief overview of how the business will be marketed is required.

If the applicant firm will be writing long-term insurance business, it should also address the following matters:

- (1) the anticipated size and location of the client base;
- (2) details of the types of product that will be marketed,
- (3) the method of marketing and selling of the products, identifying any third parties which will be involved in the marketing activity;
- (4) What is the basis of remuneration of the business producers – e.g. fixed fee, commission, contingent commission etc.

2.2.4 Will the applicant firm be using reinsurance (or similar risk mitigation techniques, such as an ISPV) to protect the insurance business it is proposing to underwrite?

Here the PRA and FCA seeks to understand why the applicant firm is proposing to adopt its chosen reinsurance strategy. This may be demonstrated by providing a high-level summary of the insurance arrangements. Applicants should decide the appropriate level of detail to provide, taking into account the complexity of their reinsurance programme, but must include the top five reinsurance counterparty exposures as a percentage of own funds. Applicants should also explain how the reinsurance protection is incorporated into their financial projections. Information should be included in relation to any side-car or Insurance Special Purpose Vehicle (ISPV) arrangements.

Corporate governance and non-financial resources

2.3 Please provide full details of the proposed UK branch management structure together with the reporting lines between the UK branch and the applicant firm.

The PRA and FCA will assess competence and capability of individuals holding senior management functions, as well as relevant experience of working in an insurance company of similar size and nature of business.

2.3.1 Please include an organogram for the UK branch showing all the functions and available resources required to conduct its proposed business. Please include how many staff will be located in the UK branch.

No additional notes.

2.3.2 Provide a structure chart of the applicant firm's Board and details of executive committees and membership.

No additional notes.

2.3.3 Are there any associations that exist or will exist between a director or controller of the applicant firm and any person who will undertake material contracts with the applicant firm?

Here the PRA and FCA is seeking to establish whether there will be any conflicts of interest that may arise as a result of the relationships between those connected to the applicant firm and any material contracts that the applicant firm is relying on.

2.3.4 Please provide details of all material outsourcing or sub-contracting arrangements applicable to the UK branch

The applicant firm should refer to the PRA Rulebook Glossary for a definition of material outsourcing.

Risk management and Internal systems and controls

2.4 Describe the responsibilities and reporting lines for the following functions (this should include details of resource allocated as well as procedures and controls that will be implemented, for each function in relation to the UK branch):

- a) the internal audit function
- b) actuarial function
- c) risk management function
- d) compliance function
- e) financial reporting
- f) Any other key function which is of specific importance to the management of the firm

No additional notes.

2.4.1 Provide details of the applicant firm's intended risk profile, risk appetite, and risk tolerance limits, highlighting where risks for the UK branch are different from those for the firm as a whole.

The applicant firm should clearly articulate its risk appetite and consider the impact of this on its business plan. The PRA and FCA are seeking to understand how the applicant firm/Branch management will decide on which risks to underwrite, which products to provide, which terms and conditions to include in its policies, the level of exposures in its chosen classes of business, market sectors and geographical locations; and the relevant limits and restrictions that are to be applied on the business written. Information should also be provided in relation to investment strategy.

2.4.2 How will risks be identified, managed, mitigated and monitored?

The PRA and FCA are seeking to understand how key risks are managed through the applicant firm's proposed risk management framework and who has responsibility for oversight.

The risks to consider may include but are not restricted to controls over:

- (a) underwriting
- (b) claims management
- (c) reserving
- (d) investment risk, including concentration risk
- (e) counterparty risk (including disputes or defaults by reinsurers)
- (f) asset-liability management
- (g) liquidity
- (h) operational risk – IT/People
- (i) outsourcing (all material outsourcing e.g. IT systems but additionally any delegation of authority relating to the insurance business).
- (j) complaints handling

2.4.3 Provide details of the management information that will be provided regularly to the board, key internal committees and key individuals relevant to the risks borne by the UK branch.

No additional notes.

2.4.4 In the event of the applicant firm winding up its operations, please provide an assessment of how policyholders of the UK branch will be treated compared to all other policyholders. Please include any circumstances where UK branch policyholders will be treated less favourably than other policyholders with respect to claims payments.

No additional notes.

2.4.5 Please provide a summary of any compensation scheme applicable in the home jurisdiction, and whether this has any restrictions regarding policyholders outside the jurisdiction.

No additional notes.

2.4.6 Provide details of the IT business continuity and the disaster recovery plans the applicant firm will put in place to ensure business continuity.

No additional notes.

Complex IT systems

The risks to the applicant firm's proposed business of the failure or error of its IT systems will be greater if the applicant firm's IT system is complex and/or it is dependent on its IT systems. In such cases, we require additional information on the applicant firm's IT systems, and the control framework for managing the risks.

2.5 Are the applicant firm's IT systems complex?

Please use the following link to the IT self-assessment questionnaire and the detailed IT controls form:

<https://www.bankofengland.co.uk/prudential-regulation/Authorisations/new-firm-authorisation>

The PRA and FCA will not authorise a firm unless its IT systems are fit for purpose. We will therefore require the senior management to provide written confirmation that the IT systems have been tested and are operational before authorisation.

Regulatory reporting

All regulated firms are required to supply regular regulatory reports for UK branch activities only.

2.6 Does the applicant firm and the UK branch have financial records able to distinguish between business between the applicant firm and UK branch?

No additional notes.

2.6.1 Does the applicant firm and the UK branch agree to provide the correct regulatory reports in a timely manner?

No additional notes.

2.6.2 Does the applicant firm and the UK branch agree to provide any other reasonable information relating to the UK branch in a timely manner?

No additional notes.

3

Scope of Permission required

Background

When applying for authorisation it is the applicant firm's responsibility to make sure that the Scope of Permission it requests fully and accurately reflects the business it is proposing to carry on.

The applicant firm therefore needs a Scope of Permission that matches its needs and covers every aspect of the regulated business that it wants to carry on.

The Scope of Permission Notice itemises the range of regulated activities the applicant firm will be authorised to carry on, as well as the types of investments, and clients for which it can carry on business for each respective regulated activity.

FSMA states that no person may carry on a regulated activity in the UK, or purport to do so, unless that person is either authorised or exempt. This is known as the general prohibition. If the applicant firm carries on a regulated activity that is not set out in its permission notice then it could be in breach of FSMA and subject to enforcement action.

Finally, please be aware that a firm's full scope of permission is recorded on the public register, available at: <https://register.fca.org.uk/>

Insurance business

3.1 Regulated activities

You can find the full description of each regulated activity in PERG 2.7: [PERG 2 Authorisation and regulated activities](#)

3.1(a) Standard requirement – reinsurance business only

No additional notes.

3.1.1 Investment types

No additional notes.

3.1.2 Client types

No additional notes.

Ancillary deposit-taking business

3.2 As a matter of course, you will also require the regulated activity of 'Accepting Deposits'. Please confirm that you are content for this activity to be included in your Scope of Permission Notice.

3.2.1 Standard limitation – deposit taking activities (insurance)

No additional notes.

Insurance distribution business

3.3 Will the applicant be conducting insurance distribution business?

No additional notes.

3.3.1 Regulated activities

No additional notes.

3.3.2 Investment types

No additional notes.

3.3.3 Client types

No additional notes.

3.3.4 Regulated activities

No additional notes.

3.3.5 Investment types

No additional notes.

3.3.6 Client types

No additional notes.

3.3.7 Regulated activities

No additional notes.

3.3.8 Investment types

No additional notes.

3.3.9 Client types

No additional notes.

Designated Investment Business

These regulated activities are predominately relevant to applicant firms wanting to conduct long-term insurance business. However, applicant firms that want to enter into a derivative contract or any other type of contractually based investment will have to apply for 'dealing in investments as principal'.

3.4 Will the applicant be conducting designated investment business?

No additional notes.

3.4.1 Regulated activities

Is the applicant firm proposing to carry on the regulated activity of 'making arrangements with a view to transactions in investments'?

No additional notes.

3.4.2 Investment types

No additional notes.

3.4.3 Client types

The applicant firm should assess and select its customer type in line with the new MiFID client types:

- Retail
- Professional
- Eligible Counterparty

3.4.4 Regulated activities

Is the applicant firm proposing to carry on the regulated activity of 'arranging (bringing about) deals in investments'?

No additional notes.

3.4.5 Investment types

No additional notes.

3.4.6 Client types

No additional notes.

3.4.7 Regulated activities

Is the applicant firm proposing to carry on the regulated activity of 'advising on investments (except on pension transfer and pension opts outs)'?

No additional notes.

3.4.8 Investment types

No additional notes.

3.4.9 Client types

No additional notes.

3.4.10 Regulated activities

Is the applicant firm proposing to carry on the regulated activity of 'dealing in investments as principal'?

3.4.11 Investment types

No additional notes.

3.4.12 Client types

No additional notes.

3.4.13 Standard limitation – investment activity in rights to or interests in investments

No additional notes.

Agreeing to carry on a regulated activity

No additional notes.

3.5 Standard limitation – Agreeing to carry on a regulated activity

No additional notes.

3.6 Consumer credit activities

You can find the full description of each regulated activity in PERG 2.7:

[PERG 2 Authorisation and regulated activities](#)

No additional notes.

Any other regulated activities

3.7 Will the applicant firm be carrying on any other regulated activity?

No additional notes.

Financial promotions

3.8 Do you intend to approve any financial promotions in accordance with section 21 of the Financial Services and Markets Act 2000 on behalf of unauthorised persons?

No additional notes.

4

Financial resources

Prudential sub-categories

No additional notes.

4.1 Which prudential sub-category applies to the applicant firm?

No additional notes.

Own funds

In doing so, applicant firms will have to demonstrate that its source of own funds, to cover the applicant firm and UK branch Minimum Capital Requirement (MCR), and separately the applicant firm and UK branch Solvency Capital Requirement (SCR), meets the requirements. This is both in terms of eligibility and the limits for its proposed business as prescribed in the Third Country Branches and Own Funds Parts of the PRA Rulebook and Chapter IV of the Commission Delegated Regulation (EU) 2015/35 (the 'Delegated Acts').

The applicant firm should identify how it would raise further own funds to cover any increase in SCR in times of stress.

4.2 Applicant firms must provide the following:

Financial projections for the UK branch for three years on a best estimate basis

Financial projections, on a Solvency II basis, for three years.

(1) A forecast profit and loss account which includes, as a minimum, the following:

- Estimates of UK branch premiums (gross and net of reinsurance), showing direct business and reinsurance accepted separately
- Estimates of branch claims (gross and net of reinsurance) analysed by accounting class and Solvency II class (see Annex II of the Solvency II Directive)
- Expenses
- Commissions (both payable and received)
- Other

(2) A forecast Solvency II balance sheet for the applicant firm as a whole and separately for the UK branch.

(3) A forecast statement of solvency, in respect of both the UK branch and the applicant firm as a whole, including details of how the MCR and SCR has been computed. Figures for the projected SCR should always be provided on the basis of the standard formula. If the firm is also applying for the approval of an internal model for the calculation of the SCR, then a projected SCR calculated by the internal model should also be provided.

A statement showing how the UK branch SCR is calculated

Note on calculation of SCR: Article 100 of the Solvency II Directive states that the SCR shall be calculated either in line with the standard formula or using an internal model. The appropriateness of the standard formula should be considered in the ORSA. Please discuss any proposal to use an internal model with the PRA before submitting a formal application.

Confirmation the applicant firm holds the equivalent of 25% of floor of MCR as a security deposit in a UK CRD IV institution

See Rule 3.3 of the Third Country Branches Part of the PRA Rulebook

4.2.1 Applicant firms must provide the following:

A description of the types of the financial resources designed to cover the UK branch technical provisions, UK branch SCR and UK branch MCR, being assets valued in line with rules set out in the Third Country Branches part of the PRA Rulebook.

No additional notes.

A copy of the SCR calculation for the applicant firm

No additional notes.

A description of the applicant firm's proposed investment strategy including any intended use of derivatives that apply to the UK branch

Firms should take into account the Prudent Person Principle set out in the Investments part of the PRA Rulebook. The description should include details of the diversification, currency and types of investments which are expected to represent the insurance funds and the estimated proportion which will be represented by each type of investment.

The applicant firm must give a rationale for the chosen investment methodology, with full details of any proposed use of derivatives or other non-standard investments.

An explanation should be provided of how the nature and duration of the liabilities will be taken into account when selecting assets to cover the technical provisions of how the investment policy will take account of the interests of policyholders, and of how any conflicts of interest will be addressed.

A statement of the applicant firm's intended risk appetite expressed in terms of the margins it intends to hold over the UK branch SCR to cover the eventuality that the financial projections deviate from the original business plan.

No additional notes.

If the applicant is part of an insurance group then it must provide a copy of the group SCR calculation.

Further details regarding the calculation of group solvency can be found in the Group Supervision part of the PRA Rulebook.

5

Senior management

Senior management functions (SMF)

5.1 List the names of the individual/s who will perform senior management functions of the branch.

It is the responsibility of the applicant firm to ensure that no person performs a senior management function until the applicant firm has been authorised by the PRA and FCA and the relevant Regulator has also approved that person to perform senior management function(s). If we grant approval, it is effective from the date of authorisation.

What is a senior management function?

A senior management function is a function, relating to the carrying on of a regulated activity by a firm, which is specified by either the FCA in the table of FCA senior management functions or the PRA as specified in the relevant sections of the PRA Rulebook

Some senior management functions are required for every firm; others will depend on the nature of your business. Senior management functions are split between PRA designated SMFs and FCA designated SMFs each of which has its own unique identification number. You can find a full list of all the senior management functions and an explanation of each one at:

- PRA Functions <http://www.prarulebook.co.uk/rulebook/Content/Part/212559>
- FCA Functions: <https://www.handbook.fca.org.uk/handbook/SUP/10C/4.html?date=2016-06-30>

You should review the description of each senior management function and identify those that apply to the application.

5.1.1 Please fill in a 'Form A' - Application for each individual who will be performing a senior manager function that you have listed above.

Full details of the senior managers regime and the application process are given in Chapter 10 of SUP (SUP 10C of the FCA manual) and, for the PRA, [here](#).

5.1.2 Please provide the name of the individual that will have overall responsibility for insurance distribution.

Every firm that carries on insurance distribution activities must appoint an approved person(s) who will be responsible for insurance mediation activities at the firm (as detailed in MIPRU 2.2:

www.handbook.fca.org.uk/handbook/MIPRU/2/2.html

Key functions

5.2 List the names of the individuals who will be responsible for each identified 'key function' (other than the senior management functions above) at the UK branch, i.e. the 'key function holders', and also where they are based. An individual may perform more than one key function.

More information about the identification of 'key functions' can be found in the PRA's SS 35/15.

Fitness and propriety

5.3 The PRA and FCA will perform a fitness and propriety assessment of all key function holders, not just those who will hold senior management functions. Please confirm that the applicant firm has assessed each senior manager and key function holder as competent and experienced for their roles.

No additional notes

Notifiable Individuals

5.4 No additional notes.

6

Compliance arrangements

Compliance arrangements

No additional notes.

- 6.1 You must confirm the UK branch of the applicant firm has in place documented compliance procedures that relate specifically to the regulated business for which it is seeking permission.**

No additional notes.

- 6.1.1 You must attach provide details of the applicant firm's compliance structure and resources including how they pertain to the UK branch.**

It is the applicant firm's responsibility of the governing body to ensure that it has a compliant organisational and reporting structure in place, adequately resourced with staff of relevant experience and skills, appropriate to the size and complexity of its business. Relevant to the applicant firm, provide structure charts and a description of how the compliance arrangements will be set up and operated, including independence, to enable the governing body to fulfil its regulatory compliance responsibilities.

Compliance monitoring programme

- 6.2 You must confirm the applicant firm has in place a documented compliance monitoring programme, for the UK branch, for the 12 months after authorisation.**

No additional notes.

Financial crime

General insurers are not subject to Anti-Money Laundering (AML) rules and the AML Regulations. However, such firms are required to put in place systems and controls to prevent financial crime, which includes money laundering (SYSC 3.2.6 JG for insurers and managing agents refers). Failure to have adequate systems and controls in place, e.g. the absence of a process for reporting knowledge or suspicions of money laundering could put firms and their employees at risk of committing money laundering offences.

- 6.3 Please describe the steps the applicant firm has put in place, including for the UK branch, to counter the risks that it might be used by others to further financial crime (this includes any offence involving a) fraud or dishonesty, b) misconduct in, or misuse of information relating to, financial markets or c) handling the proceeds of crime).**

No additional notes.

Treating Customers Fairly

6.4 Principle 6 of the Principles for Business Handbook states that 'a firm must pay due regard to the interests of its customers and treat them fairly.' This includes Treating Customers Fairly (TCF).

Treating Customers Fairly (TCF) is a regulatory requirement underpinned by some of the FCA's Principles, for example Principle 6 - a firm must pay due regard to the interests of its customers and treat them fairly. TCF is central to the delivery of our retail regulatory agenda as well as being a key part of our move to more principles-based regulation.

TCF focuses on the responsibility on a firm's management to deliver and demonstrate fair outcomes for consumers whilst offering the firm the flexibility to deliver these outcomes. Please briefly describe the steps the applicant firm has put in place to deliver and demonstrate fair consumer outcomes.

www.fca.org.uk/fair-treatment-customers gives more straightforward easy to read information about TCF, including the consumer outcomes we are looking for.

6.4.1 Can you please confirm that you have the procedures in place to comply with the management information requirements in respect of TCF?

No additional notes.

7

Fees and levies

Firms fall into fee-blocks according to their Part 4A Permission. If we authorise the applicant firm to carry on insurance business it will be allocated to either fee-block A.3 – General Insurers or A.4 – Life Insurers, or both.

To find out which fee-block(s) the applicant firm will fall into please see the following Handbook sections FEES 4 Annex 1AR Part 1 of the FCA Handbook at:

www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html (FCA) and FEES 3 (PRA) at: <http://www.prarulebook.co.uk/rulebook/Content/Chapter/320330>

Each fee block uses the tariff data provided in this section to calculate the applicant firm's regulatory fees and levies. The firm will be billed on the information supplied here for the first fee year of being authorised and in some cases also for the subsequent fee year.

Please ensure the data you submit in this section is accurate, as a poor estimate or forecast is unlikely to be grounds to revise fees at a later stage. We will only accept changes to the data provided here in exceptional cases, e.g. where the business plan has been revised.

When reporting monetary fee tariff data, firms should provide a projected valuation covering the first 12 months of new business it expects to undertake (measured according to the relevant tariff base(s)). For more information see FEES 4.2.7E to 4.2.7G at:

<https://www.handbook.fca.org.uk/handbook/FEES/4/2.html> (FCA) and FEES 3.7 (PRA) <http://www.prarulebook.co.uk/rulebook/Content/Chapter/320330>.

All authorised firms pay minimum fees towards the annual regulatory costs. Where a firm's business in any fee block exceeds the threshold covered by the minimum fee, an additional variable fee will be payable in proportion to the level of activities anticipated or conducted. To work out the applicant firm's forthcoming fees, please use the Fee Calculator on the FCA website

<https://www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator>. You will need to know which fee block(s) the applicant firm will fall into and the fee tariff data you have entered in this section.

Guidance notes for calculating the tariff data is also available under the fees section of the FCA website at: www.fca.org.uk/firms/being-regulated/fees/tariff.

For further help with completing this form, please contact the PRA Firm Enquiries on 020 3461 7000.

Regulatory fees

7.1 Fee-block A.3 – Insurers - General

A firm authorised as a general insurer covering specified investments that are general insurance contracts or long-term insurance contracts (other than life policies) is likely to be in fee-block A.3. If you are applying to be an insurer, the basis for calculating fees is the value of the firm's gross written premium income and best estimate liabilities.

For detailed information on what data to include under this fee-block, see the fees section of our [website](#): please select A.3.

7.2 Fee-block A.4 – Insurers – Life

A firm authorised as an insurer covering specified investments (including life policies) is likely to be in fee-block A.4. The basis for calculating fees is gross written premium income and best estimate liabilities.

The PRA fees are adjusted for unit linked business. Firms should include only 65% of unit linked business for the PRA. The FCA fees are not adjusted for this type of business.

For detailed information on what data to include under this fee-block, see the fees section of the [FCA website](#)

Please select A.4.

Financial Ombudsman Service levy

For the purposes of the Ombudsman Service general levy, a firm will fall into one or more industry blocks depending on the business activities it has permission for. This levy only covers business conducted with **consumers**. As a result, the data reported under the Ombudsman Service levy can be lower than that reported under the Regulatory fees. The Handbook Glossary defines 'relevant business' as business done **with consumers only**. If the applicant firm does not conduct any business with eligible complainants it may apply for Ombudsman Service exemption (see Question 7.8).

We define an 'eligible complainant' under DISP 2.7 of the [Handbook](#)

7.3 Fee-block I002 – Insurers – General

In relation to general insurance business, how much relevant gross written premium income does the firm estimate it will receive for the first year of its new business?

The data submitted here is to calculate the firm's Financial Ombudsman Service levy in relation to general insurance activities. Please only include gross written premium income in relation to consumers. If the applicant firm's entire insurance business is carried on with eligible complainants then the data reported here will be the same as that reported under fee-block A.3.

7.4 Fee-block I004 – Insurers – Life

In relation to life insurance business, how much relevant gross written premium income does the firm estimate it will receive for the first year of its new business?

The data submitted here is to calculate the firm's Financial Ombudsman Service levy in relation to life insurance activities. Please only include gross written premium income in relation to consumers. If the applicant firm's entire insurance business is carried on with eligible complainants then the data reported here will be the same as that reported under fee-block A.4 for the FCA.

Financial Services Compensation Scheme (FSCS) levy

The FSCS levy comprises three parts:

- Base costs - operating costs not directly related to the payment of compensation.
- Specific costs - operating costs that are directly related to the payment of compensation arising from valid claims.
- Compensation costs - provides the funds to make valid compensation payments.

As a newly authorised firm your first invoice will only cover the base costs of the FSCS levy, which is based on your FCA and PRA fees. After this the firm will be liable for the full FSCS levy. The tariff data provided in this section will be used to calculate your FSCS levy in the second fee year if your firm becomes authorised in the last quarter of a fee year.

The FSCS levy only covers business that could give rise to a protected claim from an eligible claimant. As a result, the data reported under the FSCS levy can be lower than that reported under the Regulatory fees. If the applicant firm does not conduct any business that could give rise to a protected claim from an eligible claimant, it may apply for FSCS exemption (see Question 7.8).

7.5 Fee-block B1 – General Insurance Provision

For general insurance business, how much relevant net premium income does the firm estimate it will receive for the first year of authorisation?

For general insurance business, how much how many eligible liabilities does the firm estimate it will have, as at the end of the first year of authorisation?

The data submitted here is to calculate the firm's FSCS levy in relation to general insurance business.

Relevant net premium income and eligible liabilities is defined in the Policyholder Protection part of the [PRA Rulebook](#)

Premium income and liabilities in respect of contracts of insurance that are not protected should be excluded, see [PRA Policyholder Protection 'protected claims'](#)

A firm can elect to report premium income and liabilities in respect of protected contracts of insurance either with only eligible claimants or all types of policyholders.

See [PRA Rulebook Policyholder Protection Annex 2](#):

7.6 Fee-block C1 – Life and Pensions Provision

For life insurance business, how much relevant net premium income does the firm estimate it will receive for the first year of authorisation?

For life insurance business, how much eligible liabilities does the firm estimate it will have, as at the end of the first year of authorisation?

The data submitted here is to calculate the firm's FSCS levy in relation to life and pensions business.

Relevant net premium income and eligible liabilities is defined in the Policyholder Protection part of the [PRA Rulebook](#)

Premium income and liabilities in respect of contracts of insurance that are not protected should be excluded, see [PRA Policyholder Protection 'protected claims'](#)

A firm can elect to report premium income and liabilities in respect of protected contracts of insurance either with only eligible claimants or all types of policyholders.

See [PRA Rulebook Policyholder Protection Annex 2](#)

Declaration of FSCS and FOS exemption

7.7 FSCS Exemption – if the applicant firm will not carry on business that could give rise to a protected claim by an eligible claimant and does not foresee doing so in immediate future, please tick the box below.

Applicant firms that will not carry on business with eligible claimants can qualify for exemption from the specific and compensation cost elements of the FSCS levy. However, all firms (including those exempt from the FSCS) pay the FSCS base cost levy. Further details of exemption to the FSCS levy are in Chapter 21 of the Policyholder Protection part of the [PRA Rulebook](#)

Generally, private customers are likely to be eligible claimants. If the applicant firm will carry on business with private customers then the FSCS exemption is unlikely to be available. For a full definition of an 'eligible claimant' [see 7.2 of the Policyholder Protection Part of the PRA Rulebook](#)

If at any point in the future the firm believes it is carrying on, or will carry on, business with eligible claimants, it must notify us immediately in writing.

7.8 FOS Exemption – if the applicant firm will not carry on business with eligible complainants and does not foresee doing so in the immediate future, please tick the box below.

Please read the Ombudsman Service exemption guidance before completing this section. This can be found on the [FCA website](#)

Applicant firms that do not carry on business with eligible complainants qualify for exemption from paying the Financial Ombudsman Service general levy. There are some additional, non-fees implications of being exempt from the Financial Ombudsman Service. Further details of this exemption are in DISP 1.1.12R in the [Handbook](#)

If the applicant firm has indicated that business will be conducted with retail clients then an exemption is unlikely to be available. This is because retail clients are likely to qualify as eligible complainants.

If the applicant firm will not carry out business with eligible complainants please tick the relevant box in Question 6.8. If at any point in the future the applicant firm is to initiate business with eligible complainants, it must notify us immediately.

Online invoicing

No additional notes.

End of supplement.