BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

## Senior Insurance Managers Regime (SIMR) – what firms need to know and do

**What is the SIMR?** In summary, the Senior Insurance Managers Regime provides a regulatory framework for **similar standards of fitness and propriety, conduct and accountability** to be applied to individuals in positions of responsibility at insurers, as for banks and large investment firms. The dedicated Strengthening Accountability webpage includes the background, key changes, policy development, the implementation timetable and activity including a link to forms and guidance.

**How does the SIMR differ to the Approved Persons Regime?**

- A **new more focussed set of senior insurance management functions** (SIMFs, previously Controlled Functions (CFs)) that individuals will need the PRA's pre-approval to perform, including the CEO, CFO, CRO, Chief Actuary, Head of Internal Audit, and for GI firms, the Chief Underwriting Officer.
- A **new function for senior executives and directors of a parent (or group) company who have a significant influence on the management or conduct of a firm's affairs**.
- **Eleven 'Prescribed Responsibilities'** to be allocated to senior insurance managers.
- Firms will have to maintain a '**Governance Map**' showing the responsibilities of senior insurance managers, and lines of accountability, within the firm and any associated group.
- A **new set of Conduct Standards**, similar to current APER conduct standards but with a new responsibility for the oversight of the discharge of any delegated responsibilities, along with a responsibility related to the PRA's insurance objective. The Conduct Standards will be **directly enforceable against PRA SIMFs** (and certain FCA SIFs).

**How does the SIMR relate to Solvency II?**

- The SIMR is a natural extension of Pillar 2 under Solvency II. As part of governance and risk management, firms will be required to make an ongoing assessment of the fit and proper status of all persons performing key functions.
- Solvency II introduces 'Key Function Holders' (KFHs) (who are currently neither PRA or FCA CFs) that will need to be notified to the PRA for both solo firms and groups, and then assessed by the regulator for fitness and propriety. More information about SII KFHs appears in Supervisory Statement SS35/15, published on 13 August and available on the Strengthening Accountability webpage.

**How does the SIMR differs from the banking SMR?**

1. No presumption of responsibility for senior managers.
2. No criminal sanctions for managers of failed institutions.
3. No 'certification' required from firms for their employees.
4. Not a condition of grandfathering for firms to submit Scope of Responsibilities for individuals.

**What do firms need to do now?** Firms will need to consider, and discuss with their supervisor as appropriate:

- If Solvency II applies, who will be their KFHs at 1 Jan 2016 and which of the KFHs are not currently approved under the APR and need to be for the SIMR?
- Which of the currently approved individuals will need to be grandfathered and to which SIMF?

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