



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

13 August 2015

Strengthening accountability: insurers and UK branches of non-EEA banks

The Prudential Regulation Authority (PRA) has today set out how it will hold senior managers in insurance companies and UK branches of non-EEA banks accountable. This brings to fruition a package of accountability reforms that will allow all PRA-regulated firms to prepare for the introduction of the Senior Managers Regime and Senior Insurance Managers Regime.

Robust accountability for senior managers is crucial for the effective functioning of financial institutions, which is why it is important that the new rules are applied in an effective yet proportionate manner. The PRA is today issuing its final policy and tailored final rules on how the accountability requirements will be applied to insurers and near-final rules to branches of overseas banks taking into account their specific characteristics. These publications provide firms with the clarity and certainty required to make the Senior Managers' Regime and Senior Insurance Managers' Regime operational.

The new accountability regime sets out the standard of behaviour expected by the PRA of those in positions of responsibility. Under the new regime, senior managers will be held individually accountable for the areas they are responsible for.

Insurers

The PRA intends to implement a parallel accountability regime for insurance companies (referred to as the Senior Insurance Managers' Regime). This regime is tailored to the differing business models and associated risks of insurers, compared with those of banks. Today's publications seek to provide greater clarity by providing the final rules on most aspects of the new regime, as well as further proposals to introduce a streamlined approach for smaller insurers.

UK branches of overseas banks

The PRA has also published final and near final rules on the application of the Senior Managers Regime to UK branches of non-EEA banks. These rules are tailored to reflect the characteristics of non-EEA branches and are aligned with the PRA's approach to branch supervision.

Andrew Bailey, Deputy Governor, Prudential Regulation, Bank of England and CEO of the PRA said:

“The simple principle that you can delegate tasks and work, but you cannot delegate responsibility for the safety and soundness and conduct of your firm must become embedded at all levels of banks and insurers. Today’s publications provide the certainty for firms to implement all necessary changes to achieve this objective.”

ENDS