



## Application for Authorisation

### Supplement for insurance companies

Full name of applicant firm

#### **Important information that you should read before completing this form**

The notes that accompany this form will help you to answer our questions and explain why we need the information that we request.

#### **Purpose of this form**

This supplement collects information that is specific to the type of regulated business that the applicant firm is applying for authorisation to carry on.

**You must answer every question. If a question does not apply to the applicant firm, then you must answer it 'Not Applicable'.**

#### **Contents of this form**

1	Regulatory Business Plan	2
2	Scope of Permission required	6
3	Financial resources	14
4	Personnel	16
5	Compliance arrangements	18
6	Fees and levies	20

# 1

## Regulatory business plan (scheme of operations)

We need to know about the business that the applicant firm intends to carry on so that we can assess (i) the scope of the permission that it will need, and (ii) the adequacy of its resources and its suitability to carry on that business.

Where necessary you must use separate sheets of paper to answer the questions in sections 1.1 to 1.5.

--	--

The level of detail you provide should reflect the scale and complexity of the applicant firm's proposed business.

### 1.1 Background

#### 1.1.1 Will the applicant firm be:

- A United Kingdom incorporated company ▶ continue to question 1.1.2
- A United Kingdom branch of a non-EEA insurer (including Swiss insurer)

#### 1.1.2 What type of insurance business is the applicant firm going to underwrite predominately?

- General insurance business (including reinsurance)
- Long-term insurance business (including reinsurance)
- Reinsurance only

It is the policy of the PRA and FCA not to grant a Part 4A if it would allow a newly established firm to engage in both general and long-term insurance business.

#### 1.1.3 What is the rationale for the application and what is the intended business strategy (and if applicable how does this fit into the group's overall future strategy)?

#### 1.1.4 Firms should include a scheme of operations, containing the content as described in Article 23 of the Solvency II Directive, with or as part of their regulatory business plan. Firms should also provide a copy of their proposed Own Risk and Solvency Assessment (ORSA) report.

### 1.2 Insurance activities

#### 1.2.1 Describe the insurance activities that the applicant firm is proposing to conduct in the United Kingdom.

#### 1.2.2 Is the applicant firm proposing to underwrite direct motor liability business within the United Kingdom?

- No ▶ continue to question 1.2.3
- Yes. Please confirm the following:
- The applicant firm is content for the **PRA** to share the contents of its application with the Motor Insurers Bureau (MIB).

- The applicant firm will seek membership of the MIB shortly after receiving authorisation and subsequently provide the PRA with proof of MIB membership.
- The applicant will appoint a claims representative in every country within the European Union before authorisation is granted.

**1.2.3 Is the applicant applying for permission to write legal expenses insurance?**

- No ▶ continue to question 1.2.4
- Yes. Please provide details of the provisions that will be put in place to avoid conflicts of interest in line with Regulation 5 (arrangement for avoiding conflicts of interest) of the Insurance Companies (Legal Expenses Insurance) Regulations 1990.

**1.2.4 Will the applicant firm be passporting into the EEA?**

- No ▶ continue to question 1.2.5
- Yes. Please describe the following:
- the business that will be transacted
  - how the proposed business will be transacted
  - the geographical spread of the business to be transacted and where the risk is situated
  - any branch/freedom of services notifications

See notes to this supplement for link to passporting notification forms

**1.2.5 Describe the proposed sources of the insurance business and provide an analysis of the approximate percentage from each source, split between United Kingdom, other EEA States and elsewhere.**

**1.2.6 Will the applicant firm be using reinsurance to protect the insurance business it is proposing to underwrite?**

- No ▶ continue to question 1.3
- Yes ▶ Please provide the following:
- a full explanation of the proposed reinsurance strategy, including the guiding principles as to reinsurance, how the firm will address reinsurance counterparty risk, and the kind of reinsurance arrangements which the applicant firm proposes to make with ceding undertakings (please notes for further guidance)
  - copies or drafts of reinsurance contracts (new or existing) that will be relied upon at *authorisation*

**1.3 Corporate governance and non-financial resources**

**1.3.1 Please provide full details of the proposed board composition together with a) terms of references for the board and b) job descriptions for each board member.**

**1.3.2 Please provide a copy of the governance map as specified in Chapter 5 of the Insurance-Allocation of Responsibilities part of the PRA Rulebook.**

**1.3.3 Please provide an organogram for the applicant showing all the functions and available resources required to conduct its proposed business.**

**1.3.4 Describe how each of the applicant firm's underwriters are qualified to underwrite the proposed business.**

**1.3.5 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?**

- No ▶ continue to question 1.3.6  
 Yes ▶ Please provide details clarifying the relationship

**1.3.6 Please provide details of all material outsourcing or sub-contracting arrangements.**

- background information on the parties to which functions will be outsourced
- details of which functions will be outsourced
- details of how control over the outsourced functions will be maintained, including those persons at the firm who will be responsible for overseeing such arrangements and how performance will be monitored and controlled
- copies or drafts of all material outsourcing agreements

## **1.4 Risk management and Internal systems and controls**

**1.4.1 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):**

- (a) the internal audit function
- (b) actuarial function
- (c) risk management function
- (d) compliance function
- (e) financial reporting

**1.4.2 Please provide the composition and the terms of reference for all senior committees which the applicant firm is proposing to establish.**

**1.4.3 Provide details of the applicant firm's intended risk profile, risk appetite, and risk tolerance limits**

**1.4.4 How will risks be identified, managed, mitigated and monitored? Potential risks to consider may arise from the following:**

- (f) Underwriting
- (g) Claims management
- (h) Reserving
- (i) Investments, including concentration risk
- (j) Counterparties (including disputes or defaults by reinsurers)
- (k) Asset-liability management
- (l) Liquidity

- (m) Operational risk – IT/People
- (n) Outsourcing (including use of coverholders)
- (o) Complaints handling

- 1.4.5 How will the firm regularly assess its ongoing own funds needs to be reasonably confident that it will either continue to meet its regulatory requirements, or be able to take appropriate actions to meet these requirements, following realistic stress events?
- 1.4.6 Provide details of the management information that the applicant firm will provide regularly to the board, key internal committees and key individuals, including information relevant to the risks borne by the firm.
- 1.4.7 Provide details of the plausible recovery actions that could be taken, including in times of general market stress. Include details of the recovery options or exit strategy identified and the triggers and governance that would activate the plan.
- 1.4.8 Provide details of the IT business continuity and the disaster recovery plans the applicant firm will put in place to ensure business continuity.

## 1.5 Complex IT systems

- 1.5.1 Are the applicant firm's IT systems complex?

- No
- Yes

- 1.5.2 Is the applicant firm's proposed business heavily dependent on its IT systems?

- No
- Yes

- 1.5.3 Will the applicant firm's IT systems automatically interface with customers/counterparties?

- No
- Yes

**If you have answered 'Yes' to one or more of questions 1.5.1 to 1.5.3, you must complete the Detailed IT Controls Form.**

Please see the notes to this supplement for the link to the appropriate form.

# 2

## Scope of permission required

### Why we ask the questions in this section

If we grant authorisation to the applicant firm, we will issue a Scope of Permission notice. This sets out:

- the regulated activities the applicant firm is authorised to carry on
- for each regulated activity, the investment types (i.e. classes of business) and the client types for which the applicant firm is authorised
- for each regulated activity, any limitations attaching to it and
- any requirements on the applicant firm

It is the applicant firm's responsibility to ensure that the Scope of Permission it applies for will cover all the regulated activities it is seeking to carry on.

**The Scope of Permission requested by applicant firm should correspond with the description of its proposed business in Section 1. If it is not clear how it does so, we will ask you about this.**

### 2.1 Insurance business

#### 2.1.1 Regulated activities

You must confirm that the applicant firm is seeking permission to carry on both the regulated activities of:

- Effecting contracts of insurance; and
- Carrying out contracts of insurance.

#### 2.1.1a Standard requirement – reinsurance firms only

As a matter of course, a standard requirement is added to firms that engage in reinsurance business only.

**If applicable, you must confirm that the applicant firm agrees to this standard requirement:**

- Yes

#### 2.1.2 Investment types

You must indicate in which class(es) of business the applicant firm is seeking to carry on the regulated activities of effecting contracts of insurance and carrying out contracts of insurance:

##### General insurance contract

- Accident
- Sickness
- Land vehicles
- Railway rolling stock
- Aircraft
- Ships
- Goods in transit
- Fire and natural forces
- Damage to property
- Motor vehicle liability
- Aircraft liability
- Liability of ships

##### Long-term insurance contract

- Life and annuity
- Marriage or the formation of a civil partnership and birth
- Linked long-term
- Permanent health
- Tontines
- Capital redemption
- Pension fund management
- Collective insurance
- Social insurance

- General liability
- Credit
- Suretyship
- Miscellaneous financial loss
- Legal expenses
- Assistance

### 2.1.3 Client types

**You must indicate how your customers will be categorised, in terms of regulatory classification:**

- Market counterparty
- Intermediate customers
- Private customers
- All

## 2.2 Ancillary deposit-taking business

**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.**

- No ▶ Please provide your rationale for not requiring this regulated activity
- Yes ▶ continue to question 2.2.1

See notes.

### 2.2.1 Standard limitation – deposit taking activities (insurance)

As a matter of course, a standard limitation (Limited to accepting deposits in the course of carrying on insurance business for which the firm holds a permission) will be attached to the regulated activity of 'Accepting Deposits'.

**You must confirm that the applicant firm agrees to this standard limitation:**

- Yes

## 2.3 Insurance distribution business

### 2.3.1 Will the applicant firm be conducting insurance distribution business?

- No ▶ Continue to question 2.4
- Yes ▶ Continue to question 2.3.2

### 2.3.2 Regulated activities

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

- No ▶ Continue to question 2.3.5
- Yes ▶ Continue to question 2.3.3

### 2.3.3 Investment types

**You must tick the types of investments below**

- Non-investment insurance contracts

### 2.3.4 Client types

**You must tick the client type(s) which relates to your business:**

- Commercial
- Retail (non-investment insurance)

**2.3.5 Regulated activities**

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

- No ▶ Continue to question 2.3.8
- Yes ▶ Continue to question 2.3.6

**2.3.6 Investment types**

**You must tick the types of investments below:**

- Non-investment insurance contracts

**2.3.7 Client types**

**You must tick the client type(s) which relates to your business:**

- Commercial
- Retail (non-investment insurance)

**2.3.8 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 ▶ Continue to question 2.3.11
- Yes ▶ Continue to question 2.3.9

**2.3.9 Investment types**

**You must tick the types of investments below:**

- Non-investment insurance contracts

**2.3.10 Client types**

**You must tick the client type(s) which relates to your business:**

- Commercial
- Retail (non-investment insurance)

**2.3.11 Regulated activities**

**Is the applicant firm proposing to carry on the regulated activity of 'assisting in the administration and performance of a contract of insurance'?**

- No ▶ Continue to question 2.4
- Yes ▶ Continue to question 2.3.12

**2.3.12 Investment types**

**You must tick the types of investments below:**

- Non-investment insurance contracts

**2.3.13 Client types**

You must tick the client type(s) which relates to your business:

- Commercial  
 Retail (non-investment insurance)

**2.4 Designated Investment Business****2.4.1 Will the applicant firm be conducting designated investment business?**

- No ▶ Continue to question 2.5  
 Yes ▶ Continue to question 2.4.2

See notes

**2.4.2 Regulated activities**

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

- No ▶ Continue to question 2.4.5  
 Yes ▶ Continue to question 2.4.3

**2.4.3 Investment types**

You must tick the types of investments below:

<input type="checkbox"/>	Certificates representing certain security	<input type="checkbox"/>	Rights to or interests in investments
<input type="checkbox"/>	Commodity future	<input type="checkbox"/>	Rights to or interests in investments (contractually-based investment)
<input type="checkbox"/>	Commodity option and option on commodity future	<input type="checkbox"/>	Rights to or interests in investments (security)
<input type="checkbox"/>	Contract for differences (excluding a spread bet and a rolling forex contract)	<input type="checkbox"/>	Shares
<input type="checkbox"/>	Funeral plan contracts	<input type="checkbox"/>	Spread Bet
<input type="checkbox"/>	Future (excluding a commodity future and rolling forex contract)	<input type="checkbox"/>	Rolling Spot Forex
<input type="checkbox"/>	Government and Public Security	<input type="checkbox"/>	Stakeholder pension scheme
<input type="checkbox"/>	Life Policies	<input type="checkbox"/>	Warrant
<input type="checkbox"/>	Non-investment insurance contracts	<input type="checkbox"/>	Unit
<input type="checkbox"/>	Option (excluding a commodity option)	<input type="checkbox"/>	Personal Pension scheme
<input type="checkbox"/>	Debenture	<input type="checkbox"/>	Alternate Debenture

**2.4.4 Client types**

You must tick the client type(s) which relates to your business:

<input type="checkbox"/>	Retail (investment)
<input type="checkbox"/>	Retail (non-investment insurance)
<input type="checkbox"/>	Professional
<input type="checkbox"/>	Eligible counterparty

**2.4.5 Regulated activities**

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

- No ▶ Continue to question 2.4.8  
 Yes ▶ Continue to question 2.4.6

**2.4.6 Investment types****You must tick the types of investments below:**

<input type="checkbox"/>	Certificates representing certain security	<input type="checkbox"/>	Rights to or interests in investments
<input type="checkbox"/>	Commodity future	<input type="checkbox"/>	Rights to or interests in investments (contractually-based investment)
<input type="checkbox"/>	Commodity option and option on commodity future	<input type="checkbox"/>	Rights to or interests in investments (security)
<input type="checkbox"/>	Contract for differences (excluding a spread bet and a rolling forex contract)	<input type="checkbox"/>	Shares
<input type="checkbox"/>	Funeral plan contracts	<input type="checkbox"/>	Spread Bet
<input type="checkbox"/>	Future (excluding a commodity future and rolling forex contract)	<input type="checkbox"/>	Rolling Spot Forex
<input type="checkbox"/>	Government and Public Security	<input type="checkbox"/>	Stakeholder pension scheme
<input type="checkbox"/>	Life Policies	<input type="checkbox"/>	Warrant
<input type="checkbox"/>	Non-investment insurance contracts	<input type="checkbox"/>	Unit
<input type="checkbox"/>	Option (excluding a commodity option)	<input type="checkbox"/>	Personal Pension scheme
<input type="checkbox"/>	Debenture	<input type="checkbox"/>	Alternate Debenture

**2.4.7 Client types****You must tick the client type(s) which relates to your business:**

<input type="checkbox"/>	Retail (investment)
<input type="checkbox"/>	Retail (non-investment insurance)
<input type="checkbox"/>	Professional
<input type="checkbox"/>	Eligible counterparty

**2.4.8 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 ▶ Continue to question 2.4.11  
 Yes ▶ Continue to question 2.4.9

**2.4.9 Investment types****You must tick the types of investments below:**

<input type="checkbox"/>	Certificates representing certain security	<input type="checkbox"/>	Rights to or interests in investments
<input type="checkbox"/>	Commodity future	<input type="checkbox"/>	Rights to or interests in investments (contractually-based investment)
<input type="checkbox"/>	Commodity option and option on commodity future	<input type="checkbox"/>	Rights to or interests in investments (security)
<input type="checkbox"/>	Contract for differences (excluding a spread bet and a rolling forex contract)	<input type="checkbox"/>	Shares
<input type="checkbox"/>	Funeral plan contracts	<input type="checkbox"/>	Spread Bet
<input type="checkbox"/>	Future (excluding a commodity future and rolling forex contract)	<input type="checkbox"/>	Rolling Spot Forex
<input type="checkbox"/>	Government and Public Security	<input type="checkbox"/>	Stakeholder pension scheme
<input type="checkbox"/>	Life Policies	<input type="checkbox"/>	Warrant
<input type="checkbox"/>	Non-investment insurance contracts	<input type="checkbox"/>	Unit
<input type="checkbox"/>	Option (excluding a commodity option)	<input type="checkbox"/>	Personal Pension scheme
<input type="checkbox"/>	Debenture	<input type="checkbox"/>	Alternate Debenture

**2.4.10 Client types**

You must tick the client type(s) which relates to your business:

<input type="checkbox"/>	Retail (investment)
<input type="checkbox"/>	Retail (non-investment insurance)
<input type="checkbox"/>	Professional
<input type="checkbox"/>	Eligible counterparty

**2.4.11 Regulated activities**

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

- No ▶ Continue to question 2.5  
 Yes ▶ Continue to question 2.4.12

**2.4.12 Investment types**

You must tick the types of investments below:

<input type="checkbox"/>	Certificates representing certain security	<input type="checkbox"/>	Rights to or interests in investments
<input type="checkbox"/>	Commodity future	<input type="checkbox"/>	Rights to or interests in investments (contractually-based investment)
<input type="checkbox"/>	Commodity option and option on commodity future	<input type="checkbox"/>	Rights to or interests in investments (security)
<input type="checkbox"/>	Contract for differences (excluding a spread bet and a rolling forex contract)	<input type="checkbox"/>	Shares
<input type="checkbox"/>	Funeral plan contracts	<input type="checkbox"/>	Spread Bet
<input type="checkbox"/>	Future (excluding a commodity future and rolling forex contract)	<input type="checkbox"/>	Rolling Spot Forex
<input type="checkbox"/>	Government and Public Security	<input type="checkbox"/>	Stakeholder pension scheme
<input type="checkbox"/>	Life Policies	<input type="checkbox"/>	Warrant
<input type="checkbox"/>	Non-investment insurance contracts	<input type="checkbox"/>	Unit
<input type="checkbox"/>	Option (excluding a commodity option)	<input type="checkbox"/>	Personal Pension scheme
<input type="checkbox"/>	Debenture	<input type="checkbox"/>	Alternate Debenture

**2.4.13 Client types**

You must tick the client type(s) which relates to your business:

<input type="checkbox"/>	Retail (investment)
<input type="checkbox"/>	Retail (non-investment insurance)
<input type="checkbox"/>	Professional
<input type="checkbox"/>	Eligible counterparty

**2.4.14 Standard limitation – investment activity in rights to or interests in investments**

As a matter of course, a standard limitation on investment activity in rights to or interests in investments (security and/or contractually based, as appropriate) is attached to each regulated activity for designated investment business that a firm is authorised to carry on.

Please confirm that the applicant firm wants us to attach this limitation to each regulated activity specified in respect of its designated investment business.

- Yes

## 2.5 Agreeing to carry on a regulated activity

Under the permission regime, 'agreeing to carry on a regulated activity' is a regulated activity in its own right. If the applicant firm is proposing to carry on the regulated activity of 'dealing in investments as principal' and any of the insurance distribution activities then, as a matter of course, it will also carry on this regulated activity (which will be limited to agreeing to carry on only the other regulated activities specified in the applicant firm's Scope of Permission Notice).

**You must confirm that the applicant firm requests permission to carry on the regulated activity of 'Agreeing to carry on a regulated activity':**

- Yes ▶ Continue to question 2.5.1  
 N/A ▶ Continue to question 2.6.1

### 2.5.1 Standard limitation – Agreeing to carry on a regulated activity

As a matter of course, a standard limitation (The firm can only agree to carry on the regulated activities specified in this Notice) will be attached to the regulated activity of 'Agreeing to carry on a regulated activity'.

**You must confirm that the applicant firm agrees to this standard limitation:**

- Yes

## 2.6 Consumer credit activities

### Credit broking

- No  
 Yes ▶ see requested requirements for consumer credit below

### Debt collecting

- No  
 Yes ▶ see requested requirements for consumer credit below

### Entering into a regulated credit agreement as lender (excluding high cost short-term credit, bill of sale, loan agreement and home credit loan agreements)

- No  
 Yes

### Exercising or having the right to exercise the lenders rights and duties under a regulated credit agreement (excluding high-cost short-term credit, bill of sale, loan agreement and home credit loan agreements)

- No  
 Yes

### Requested requirements for consumer credit

Will the firm be canvassing any regulated borrower-lender-supplier agreements or regulated consumer hire agreements it supplies for which it carries out broking activities off trade premises?

- Yes  
 No ▶ if 'no' the following requirement must be included in the applicants scope of permission:

**Not permitted to canvass off trade premises**

The firm is not permitted to canvas regulated borrower-lender-supplier agreements or regulated consumer hire agreements off trade premises

## 2.7 Any other regulated activities

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

- No ▶ Continue to question 3.1  
 Yes ▶ Please provide the following:

- the regulated activity the applicant firm is proposing to undertake
- the investment type that the applicant will be dealing in
- the customer type

# 3 Financial resources

## Why we ask the questions in this section

All authorised firms must meet the applicable prudential requirements. We need to be satisfied that the applicant will meet these requirements, both at the date of authorisation and on an ongoing basis.

Please read the notes to the supplement before completing this section.

### 3.1 Prudential sub-categories

The prudential category for all insurance companies is 'Insurer' and the prudential requirements that will apply to the applicant firm will depend upon its prudential sub-category. Its prudential sub-category will be determined by its Scope of Permission, which will in turn be determined by its proposed business.

#### 3.1.1 Which prudential sub-category applies to the applicant firm?

- General insurer  
 Long-term Insurer  
 Friendly society

### 3.2 Own funds

The applicant firm must provide details (amount and type) of its proposed source of own funds and in doing so will have to ensure that its source of own funds, to cover each of the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR) going forward, meets the requirements both in terms of eligibility and the limits in relation to its proposed business as prescribed in the Own Funds part of the PRA Rulebook and Chapter IV of the Commission Delegated Regulation (EU) 2015/35 (the 'Delegated Acts').

#### 3.2.1 Applicant firms proposing to underwrite long-term insurance must provide the following:

- Financial projections for three years on three bases:  
best estimate, optimistic and pessimistic.  Attached
- A statement showing how the SCR is calculated.  Attached
- A statement detailing the technical bases which the Chief Actuary function holder proposes to employ for each class of business when calculating technical provisions.  Attached
- A projection of the present value of future profits of new business by product line for each year's new business.  Attached

A certificate provided by the Chief Actuary Function holder stating that he/she considers:  Attached

(1) The premium rates that will be used by the applicant firm to be suitable for the proposed Regulatory Business Plan.

(2) The financing of the applicant firm to be sufficient to cover the required technical provisions for its total business on optimistic, realistic and pessimistic bases in the first three financial years following authorisation, and to provide the SCR.

(3) And they agree with the information provided in the application form regarding:

(a) the nature of commitments the applicant firm proposes to cover

(b) the guiding principles as to reinsurance, including the applicant firm's maximum retention per risk or event after all reinsurance ceded and the names of the principal reinsurers and

(c) the financial projections for the first three years following *authorisation*

See Notes.

**3.2.2 Applicant firms proposing to underwrite general insurance business must provide the following:**

Financial projections for three years on three bases, one best estimate and two pessimistic.  Attached

A statement showing how the SCR is calculated.  Attached

Confirmation from the CRO or Chief Actuary that they agree with the information provided in the application form regarding:

(a) the nature of commitments the applicant firm proposes to cover

(b) the guiding principles as to reinsurance, including the applicant firm's maximum retention per risk or event after all reinsurance ceded and the names of the principal reinsurers and

(c) the financial projections for the first three years following *authorisation*

See Notes.

**3.2.3 All applicant firms must provide the following:**

A description of the types of the financial resources designed to cover the Technical Provisions, SCR and MCR being assets valued in line with rules set out in the Own Funds part of the PRA Rulebook.  Attached

A description of the applicant firm's proposed investment strategy, including any intended use of derivatives.  Attached

Forecasts in underlying currency if foreign currency business is significant and an assessment of exchange risk.  Attached

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

A credit rating report for a) the applicant firm and b) any entity that will be providing material reinsurance cover to the applicant firm.  Attached

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

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.





# 5

## Compliance arrangements

### Why we ask the questions in this section

We need to be satisfied that the applicant firm has the appropriate compliance arrangements in place to meet its regulatory obligations.

#### 5.1 Compliance procedures

You are not required to send compliance procedures with this application but the applicant firm must be able to produce a copy at any time while the PRA and FCA are assessing the application, or in the future.

The applicant firm must ensure that it establishes and adopts compliance procedures to comply with the relevant rules in the PRA Rulebook and FCA Handbook that applies to the type of business it is proposing to carry on. Each compliance procedure should identify and address the applicant firm's obligations in the PRA Rulebook and FCA Handbook. Please see the notes to the core details form for a brief explanation about the PRA Rulebook and FCA Handbook.

##### 5.1.1 You must confirm the applicant firm has in place documented compliance procedures that relate specifically to the regulated business for which it is seeking permission.

- Yes  
 The applicant firm's documented compliance procedures are not in place at the time of submission of this application, but will be in place prior to authorisation.

#### 5.2 Compliance monitoring programme

##### 5.2.1 You must confirm the applicant firm has in place a documented compliance monitoring programme that relates specifically to its compliance procedures manual.

- Yes  
 The applicant firm's documented compliance monitoring programme is not in place at the time of submission of this application, but will be in place prior to authorisation.

#### 5.3 Financial crime

General insurers and general insurance brokers are not subject to Anti-Money Laundering (AML) rules, see notes for further details.

##### 5.3.1 Please describe the steps the applicant firm has put in place 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). Where relevant, this should include but not be limited to the following:

- the steps the applicant firm will take to ensure its Money Laundering Reporting Officer (MLRO) knows their duties and is able to perform their controlled function effectively
- the procedures that will be in place to ensure that the applicant firm will obtain sufficient evidence of the identity of all its clients
- the systems and controls that will be in place to ensure that know your business information (see SYSC 3.2.6) is made available to its MLRO
- the anti-money laundering training the applicant firm will provide for its relevant staff and
- the disciplinary procedures for any member of staff who fails to report promptly to the MLRO any suspicions or belief that money laundering is occurring

#### 5.4 Treating Customers Fairly

##### 5.4.1 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). To help firms understand what treating

**customers fairly means in practice, *six outcomes* has been defined which they should deliver to retail consumers. Please briefly describe the steps the applicant firm has put in place to deliver the six consumer outcomes and demonstrate that it treats its customers fairly.**

Please include the following:

- What treating customers fairly means to the applicant and its customers.
- How the fair treatment of customers has been incorporated into the applicant firm's values and business plan eg:
  - a) Is it part of the long-term strategy of the firm?
  - b) Are management aware of the TCF requirements?
  - c) Will it be a regular item on the board agenda?
- What controls the applicant firm has put in place to ensure it treats its customers fairly. What management information is collected to allow senior management to assess compliance with TCF requirements.
- How the applicant firm develops the competence and knowledge of its staff.

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

Yes    No

# 6

## Fees and levies

### Why we ask the questions in this section

We require this information so we can calculate the applicant firm's PRA and FCA fees. We will also use this information to calculate the levy for the Financial Ombudsman Service (FOS) and, where relevant, the levy for the Financial Services Compensation Scheme (FSCS). For most fee blocks, this will enable us to calculate fee and levy amounts for the remainder of this financial year, and the next financial year.

The permission the firm has when it becomes authorised will determine which fee-block(s) the firm is allocated to. The fees and levies in each fee-block are based on the tariff data provided in the sections below. For further help on this section please see the relevant notes.

Please round your answers up for this section to the nearest whole number. If the answer is 'nil' please write 'nil' – do not leave it blank.

When reporting monetary fee tariff data, firms should provide a projected valuation, covering the first 12 months from the date of authorisation (measured according to the relevant tariff base(s)), see FEES 4.2.6R - 4.2.7A G of the FCA/PRA Fees Manual at: [www.handbook.fca.org.uk/handbook/FEES/4/2.html](http://www.handbook.fca.org.uk/handbook/FEES/4/2.html) (FCA) and [www.prarulebook.co.uk/rulebook/content/part/269982/23-12-2015](http://www.prarulebook.co.uk/rulebook/content/part/269982/23-12-2015) (PRA)

Please refer to the notes that accompany this form before answering the questions in this section.

### PRA AND FCA'S fees

#### 6.1 Fee-block A.3 – Insurers - General

**For an insurer – In relation to general insurance business, how much total gross premium income does the firm estimate it will receive for the first year of authorisation?**

Amount	
Confirm amount in words	

**For an insurer – In relation to general insurance business, how much gross technical liabilities does the firm estimate it will have, as at the end of the first year of authorisation?**

Amount	
Confirm amount in words	

**For a non-directive friendly society – In relation to general insurance business, what is the estimated value of the firm's contribution income for the first year of authorisation?**

Amount	
Confirm amount in words	

**For a directive friendly society – In relation to general insurance business, what is the estimated value of the firm's gross premiums written for the first year of authorisation?**

Amount	
Confirm amount in words	

**6.2 Fee-block A.4 – Insurers - Life**

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

Number	
Confirm amount in words	

In relation to life insurance business, how much mathematical reserve does the firm estimate it will have, as at the end of the first year of authorisation?

Number	
Confirm amount in words	

**Declaration of FSCS and FOS exemption**

Please note that if the applicant firm will carry on business with private customers then this exemption is unlikely to be available. This is because private customers are likely to qualify as eligible claimants and/or complainants.

- 6.3 FSCS Exemption – if the 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 the immediate future, please tick the box below.**

Applicant firm is FSCS exempt

- 6.4 FOS Exemption – if the firm will not carry on business with eligible complainants and do not foresee doing so in the immediate future, please tick the box below.**

Applicant firm is FOS exempt

**Financial Services Compensation Scheme (FSCS) levy**

The FSCS levy only covers business (by a participant firm) 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 PRA and FCA'S fee-blocks. If the applicant firm will not carry on any business with eligible claimants and it has ticked the box in question 6.3, questions 6.5 – 6.6 do not need to be answered.

**6.5 Fee-block A.3 – Insurers - General**

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

Amount	
Confirm amount in words	

**6.6 Fee-block A.4 – Insurers - Life**

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

Amount	
Confirm amount in words	

**Financial Ombudsman Service levy**

The Financial Ombudsman Service levy only covers business carried on with private individuals who are eligible complainants. As a result, the data reported under the Financial Ombudsman Service levy can be lower than that reported under the PRA and FCA'S fee-blocks. If the applicant firm will not carry on any business with eligible complainants and it has ticked the box in question 6.4, you do not need to answer the following questions.

**6.7 Fee-block I002 – Insurers - General**

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

Number	
Confirm number in words	

**6.8 Fee-block I004 – Insurers - Life**

**In relation to life insurance business, how much relevant adjusted annual gross premium income does the firm estimate it will receive for the first year of authorisation?**

Amount	£
Confirm amount in words	

**End of supplement**