



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

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Dear Colleague

Senior Insurance Managers Regime

On 13 August, a significant milestone was reached in the implementation of the Senior Insurance Managers Regime (SIMR) with the publication of final rules and guidance. These set out the PRA's requirements of the standard of behaviour expected of those in positions of responsibility at regulated insurance firms.

The purpose of this letter is to articulate the path towards implementation. All insurers will need to identify the individuals that are performing certain functions and either: i) grandfather (or transfer) those individuals currently approved under the Approved Persons Regime to an equivalent function in the SIMR and submit the necessary materials by 8 February 2016 latest; or ii) make a new application for approval of the individual after 1 January 2016. Key dates for implementation are set out in the table below.

Solvency II insurers

The Senior Insurance Managers Regime is a natural extension of Solvency II. Under Solvency II, the Pillar 2 requirements must be well integrated and clearly tie the governance of a business to risk and capital management. Specifically, Solvency II introduces the concept of 'Key Function Holders'. These are functions whose operation, if not properly managed and overseen, could potentially lead to significant losses being incurred or to a failure in the ongoing ability of the firm to meet its obligations to policyholders. The system of governance of each Solvency II insurance firm and group needs to cover at least the following key functions: risk management, compliance, internal audit, and actuarial. However, the PRA does not consider that 'key function' is intended to be a closed category.

Solvency II insurers will need to notify the PRA of its Key Function Holders at 1 January 2016. In addition, as part of governance and risk management, firms will be required to make an ongoing assessment of the fit and proper status of all Key Function Holders.

Solvency II insurers should also prepare and maintain a governance map. This should set out clearly the key functions at the firm and the relevant individuals (termed 'key function holders') responsible for these functions, along with their lines of accountability and responsibility both within that firm and any wider group.

Non-Solvency II insurance firms

The PRA recognises that non-Solvency II insurance firms pose different risks to the PRA's objectives compared with Solvency II firms. Accordingly, many features of the Senior Insurance Managers Regime have been streamlined to take a proportionate approach to the way the regime would apply to these firms.

In CP26/15, we set out proposals detailing how we intend to implement a proportionate Senior Insurance Managers Regime for firms outside of the scope of Solvency II. I would also like to take this opportunity to refer non-Solvency II insurance firms to CP27/15, which sets out proposals for the prudential regime for non-Solvency II insurance firms from 1 January 2016. Both consultations close on Monday 12 October 2015.

Path towards implementing the Senior Insurance Managers Regime

1 Jan 2016	Solvency II firms and groups must have governance maps in place, which include a list of Key Function Holders and their responsibilities.
1 Jan 2016	New applications for the approval of individuals under the Senior Insurance Managers Regime can be made using the new forms and should include a Scope of Responsibilities form.
8 Feb 2016	<i>Deadline for firms to submit Grandfathering Notification (Form K).</i>
7 Mar 2016	Senior Insurance Managers Regime comes fully into effect, including the new set of Senior Insurance Management Functions and conduct standards (replacing the current SUP10B, APER, and FIT).
7 Mar 2016	Individual (currently) approved persons notified to us by firms will be grandfathered into an equivalent PRA (or FCA) function under the Senior Insurance Managers Regime.
7 Sept 2016	Solvency II firms and groups must have a Scope of Responsibilities in place for all Senior Insurance Management Functions. The PRA will request this as part of the supervisory approach.
7 Sept 2016	Solvency II firms and groups must have notified PRA of all Key Function Holders.

Further information and materials – including links to the policy publications and a summary of what firms need to know and do – are available on our dedicated [Strengthening Accountability webpage](#). If you have any questions on the PRA's expectations of firms in the areas covered by this letter, please speak to your usual supervisory contact in the first instance.

Yours sincerely



Sam Woods
Executive Director