

## Minutes: PRA Subject Expert Group on Captives

9 September 2025

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Location: PRA Offices, 20 Moorgate, London EC2R 6DA

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### **Agenda**

1. Introduction
2. Purpose of the SEG
3. HMT captive insurance consultation response
4. Forward agenda
5. Actions
6. AOB

### **Summary of Meeting**

On the 9<sup>th</sup> September, the PRA held the first Subject Expert Group (SEG) on the subject of a UK captive regime. The meeting was intended to be introductory in nature and the first in a series of meetings on key topics relating to a UK captive regime. Attendees were reminded of the need to be mindful of confidentiality and competition requirements.

The chair then outlined the purpose, objectives, and approach of the SEG which were discussed by attendees.

The attendees then discussed the more substantive subject of HM Treasury's captive insurance consultation response. The consensus was that it provided a good starting point for discussion, with the intention of delivering proportionately lower capital requirements, reduced application and administration fees, and a streamlined authorisation process. The SEG considered that the key test was operationalising these principles in practice.

To this end, a number of questions were tabled (based on the statements set out within the HMT captive response document) for preliminary discussion ahead of dedicated sessions. The main points arising were:

1. How to ensure proportionality in the regime and balance industry needs with regulatory objectives, reflecting the lower prudential risk that captives should pose.
2. The competitiveness of the regime in an international context, and how to allow both large corporates and mid-market firms to operate successfully.
3. What flexibility meant in the context of the regime and how to accommodate different business models while maintaining high standards to protect the reputation of the UK financial system.
4. Capital requirements for firms – how to think about setting minimum capital levels; the use of different capital instruments and balance so-called trapped capital against necessary prudential safeguards. A more detailed SEG meeting on capital is planned for a future date.
5. The shape of the regime – the distinctions between direct and reinsurance captives; limitations on captives writing third-party insurance; and the possible use of Protected Cell Companies (PCCs) as a cost-effective option for smaller firms. A more detailed SEG meeting on PCCs is planned for a future date.
6. Other stakeholders who might need to be engaged during the captive consultation process, eg service providers, SMEs, local authorities.
7. How to ensure a proportionate application process and a stakeholder preference for a streamlined, responsive application process with a single point of contact. A more detailed SEG meeting on authorisations is planned for a future date.
8. Benchmarking – how to make best use of it in making the UK regime competitive.

The meeting then concluded with a discussion of the forward agenda, which included SEG meetings on: authorisations & PCCs; capital & technical provisions; oversight & reporting; employee benefits; and innovation. The PRA suggested other SEG meetings could be added if appropriate.