Bank of England PRA

# PRA Subject Expert Group on Captives
# 25 September 2025

Location: PRA Offices and MS Teams

**Agenda**

Item 1: Welcome and introduction to delegates

Item 2: Captive authorisation process

Item 3: Protected Cell Companies (PCCs)

**Summary of the meeting**

The Group discussed various potential authorisation processes for the captive regime, including the processes in other jurisdictions, and PCCs.

**Confidentiality**: participants were reminded that all meetings must be compliant with competition law and treated as confidential.

**Authorisation key points:**

- **Fast-track authorisation**: participants emphasised the importance of introducing a fast-track authorisation process.
- **Engagement process**: participants discussed the benefits of continuous engagement throughout the authorisation process. It was considered important to have either a single point of contact or a knowledgeable group of contacts to ensure that queries from all parties are addressed efficiently.
- **Use of technology**: participants highlighted the importance of technology and noted the emergence of online application portals in some jurisdictions to streamline the application process.
- **Feasibility studies**: the inclusion of a feasibility study as part of the application was debated. While some viewed it as a useful tool for stress-testing applications and preparing captive clients, others raised concerns about cost and relevance, particularly if the study becomes outdated or if approval of the feasibility study was required by an independent third party. It was considered that feasibility studies should remain straightforward, especially for low-risk or well-understood cases.

- **Governance requirements**: the discussion focused on the skills and experience required on Captive Boards in other jurisdictions. The SEG noted that UK PLCs without insurance backgrounds or start-up companies may face challenges recruiting Executives with captive insurance-related experience.
- **Application fees**: the SEG discussed typical fees charged in other jurisdictions and suggested that reducing fees below the range would not necessarily offer a competitive advantage.
- **Captive manager involvement**: it was agreed to discuss captive manager involvement in the context of the preparation of application material at a future SEG.

**PCC key points:**

- **Governance**: it was noted that PCC governance tends to be quite complex compared to non-PCC captives, as the PCC board acts in a fiduciary capacity for all cell owners.
- **Conversion from a PCC cell to a captive**: it was noted that cells can often be used as a stepping stone into captive insurance. However, the process of converting a cell into a standalone captive was recognised as challenging, with legal and governance issues. Participants mentioned that some other countries have specific conversion legislation, allowing easy conversions from cell into a standalone captive and vice versa.
- **New cell formation**: requirements for authorising new cells vary across regimes: in some cells need to be authorised separately, in others only a notification to the regulator is required. The SEG emphasised the importance of maintaining flexibility, depending on the business model.
- **Capital**: the SEG suggested that it would be a reasonable approach for the core to hold minimum capital, with cells meeting the main capital requirement separately. There was strong support for the concept of the core holding operational capital (even if the core were not allowed to write insurance business) to demonstrate commitment and accountability.
- **Next steps**: it was agreed to discuss PCCs further with participants, at a later date.