Bank of England PRA

Minutes – Captives Subject Expert Group (SEG 6) on Captives

17 November 2025

Location: Luther Pendragons Office - 48 Gracechurch St, London EC3V 0EJ and Team

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Agenda:

1. Innovation in the authorisation process
2. Product line innovation
3. Innovating captive structures
4. Other areas of innovation
5. AOB

Innovation in the authorisation process

1. **Streamlining and Innovation:** participants discussed ways to make the authorisation process more efficient and competitive, referencing practices in other jurisdictions. There was broad support for adopting technology and automation to streamline the application process, while maintaining robust regulatory standards. Discussion also considered the potential for conditional licences and the weight that might be put on track record of operating existing captives in other jurisdictions when assessing applications.

2. **Pre-authorisation and Talent:** participants highlighted the value of pre-authorisation routes without compromising regulatory rigour or reputation. The importance of attracting and retaining skilled regulatory staff was noted as important to ensuring agility and effective oversight.

3. **Responsiveness and Reputation:** the need for clear timelines and expectations in the authorisation process to support industry responsiveness and preserve the UK's reputation was highlighted.

4. **International Benchmarking:** There was interest in benchmarking UK practices against established captive regimes to identify best-in-class features and ensure global competitiveness.

Product line innovation:

5. **Defining Insurance and Captive Scope:** participants considered the breadth of insurance definitions and the implications for captive structures.

6. **Emerging Risks and Assets**: discussions included the potential for captives to cover innovative or non-traditional risks, and the range of assets that they might hold against different liabilities. Participants agreed that flexibility should be balanced with prudential safeguards and regulatory clarity.

7. **Risk Appetite and Regulatory Alignment:** participants discussed alignment of regulatory risk appetite with the risk management sophistication of captive owners. Participants asked for red lines to be flagged explicitly within the regime.

8. **Innovation Pathways:** participants recognised that not all innovative product lines would be suitable from day one, but encouraged ongoing dialogue to ensure the regime remains open to new ideas and evolving market needs.

Innovating captive structures:

9. **Group captives:** participants suggested that Group captives are seen in other jurisdictions and may emerge internationally in the next few years. The demand in the UK appears to be limited currently due to the absence of critical mass, both within industries and geographically.
   Flexibility: participants highlighted the importance of being flexible in receiving applications for different structures in the long term.

10. **LCC (Limited Liability Companies) and ICCs (Incorporated Cell Companies)**: the discussion focussed on the value of LCC and ICC structures in a UK context and the implications against UK corporate governance expectations. It was agreed the priority at this stage should be on pure captives and PCCs.

Other areas of innovation:

11. **Risk management standards**: there was discussion on the how the systems and procedures involved with captives and the expectations in managing claims and payments, compared to peers. Participants suggested outlining examples of good practice.

12. **Clarity of expectations:** participants highlighted the importance of setting out the differences between captives and insurance companies and clearly set out how expectations apply. Similarly, where other regulatory changes occur, the implications for captives should be considered.

13. **Prioritisation**: participants highlighted the importance of focussing on the priority areas to start with and ensure these are delivered to a high standard instead of trying to implement lots of innovation from the outset.

AOB:

14. **Next steps:** the PRA plan to consult in 6 months and will maintain dialogue with participants as appropriate in the interim.