Bank of England PRA

Minutes: CP11/26 Captives Industry Roundtable

10am–12.30pm 17 September 2026

Location: PRA Offices and MS Teams

Agenda

Item 1: Context and introduction

Item 2: Questions and answers, organised by chapter of CP11/26

Item 3: Cross-cutting questions

Item 4: Next steps

Summary of meeting

The purpose of the roundtable was to provide stakeholders with an opportunity to seek clarification on the proposals in CP11/26 and relevant proposals in the Financial Conduct Authority's (FCA) CP26/29, and to support the preparation of formal consultation responses. Representatives from HM Treasury also attended and contributed on relevant Government matters.

The meeting was held under the Chatham House Rule. Participants were reminded that comments would not be attributed to individuals or organisations. The PRA also noted that it would publish a high-level, non-identifiable summary of the discussion. Participants were asked not to use the discussion in external briefings or conversations with the press, not to disclose confidential information raised by other attendees, and to remain mindful of competition law requirements. Participants were informed that comments made during the roundtable do not form part of the formal consultation process and written CP responses are required by 14 October.

The discussion was structured by chapter of CP11/26. For each chapter, the PRA briefly recapped the areas covered before addressing questions submitted in advance and inviting additional questions and comments from participants. The summary below distinguishes between questions submitted in advance, the authorities’ responses and significant additional points raised during the discussion. No comments are attributed to individuals or organisations.

Chapter 2: Overview

The PRA briefly recapped that Chapter 2 provides an overview of the proposed regime, including how the Rulebook requirements, supervisory statement and associated policy materials would operate together.

Questions submitted in advance

No questions were submitted in advance.

Authorities’ response

No questions were raised during the discussion.

Chapter 3: Scope and tailoring of the regime

The PRA briefly recapped that Chapter 3 covers the scope and tailoring of the proposed regime, including the risks captives could write, ownership structures and connected non-group entities.

Questions submitted in advance

Questions covered the use of captives for emerging and difficult-to-insure risks; whether the supplier definition should extend to subcontractors; and possible transitional flexibility where M&A or restructuring temporarily affects the wholly owned subsidiary requirement.

Authorities’ response

- The PRA explained that the proposed regime could support emerging and difficult-to-insure risks where they remained within scope of the regime and firms demonstrated appropriate expertise, governance and risk-management capabilities.
- The PRA noted that the consultation specifically sought evidence on whether the supplier definition should extend beyond direct suppliers.
- The PRA explained that the wholly owned subsidiary requirement reflected the single-parent model and alignment of interests. No specific M&A transitional arrangements were proposed; the statutory waiver and modification framework was discussed as a possible mechanism, subject to the applicable statutory tests.

Additional discussion

- Participants discussed private-equity and investment-fund structures, complex controller chains and the value of practical guidance on the PRA's proposed ownership and control definitions.
- Further questions covered the duration of risks, claims handling for employee-benefit business and captives associated with firms that have significant retail customer bases. The PRA emphasised that expertise, governance, systems and capital of captives would need to be proportionate to the nature, scale and complexity of the proposed activities.

Chapter 4: Approach to authorisation of UK captives

The PRA briefly recapped that Chapter 4 covers the proposed authorisation process, including pre-application engagement, application requirements and the four-to-six-week target for complete applications.

Questions submitted in advance

Questions asked how the regime would support efficient re-domiciliation; whether firms could engage and have draft materials reviewed before implementation; and how the four-to-six-week target would operate across the applicant journey.

Authorities' response

- The PRA explained that early engagement would help prospective applicants identify evidential requirements and address material issues before a formal application.
- The PRA and FCA described their intention to coordinate the application process. The target timeline would begin once both regulators had sufficient information for substantive assessment and would exclude pre-application engagement and time spent addressing material gaps.
- The PRA explained that prior to the regime's implementation, engagement could cover business models and draft application material, but would not constitute authorisation or a binding commitment. Authorisation could occur only once the legal framework was in force.
- HM Treasury explained that the UK does not have a corporate re-domiciliation regime and that any future cross-sector framework would require legislation.

Additional discussion

- Participants asked whether the same target would apply to new captives and re-domiciliations, how Senior Manager Function applications would be handled and whether captive-specific application guidance would be published. The PRA indicated that applicants would have a clear path to speak to the supervisor and that captive-specific application materials and guidance would be made available.

- Participants asked whether a 'Variation of Change' would apply to captives. The PRA explained that this process is known as 'Variation of Permission' and firms may apply to vary their permissions where their existing permissions do not cover the proposed captive activity, and that firms should discuss any planned changes with the regulators before submitting an application to vary its permissions.
- Participants also asked about firms seeking to re-domicile to the UK, noting the current absence of a formal captives re-domiciliation regime. The PRA explained that existing mechanisms, including novations and commutations, and potentially other solutions, could support some transitions in the meantime.

Chapter 5: Approach to supervision of UK captives

The PRA briefly recapped that Chapter 5 sets out a bespoke, proportionate supervisory approach designed around the characteristics and risk profile of captive insurers.

Questions submitted in advance

No questions were submitted in advance.

Additional discussion

- The PRA explained that the proposed model would emphasise the authorisation gateway, firms remaining within their permissions, simplified annual reporting and risk-based supervisory intervention.
- Participants welcomed the proposed reporting framework and asked how the approach would operate for firms unfamiliar with PRA supervision. The PRA explained that captives would have clear contact arrangements and could approach supervisors about material changes or new activities.
- Questions also covered the timing of technical reporting materials, the proposed 70-business-day reporting deadline and the relationship with wider supervisory statements. The PRA explained that captives should rely primarily on their captive-specific rules and Supervisory Statement, and encouraged evidence where the proposed reporting timetable could create practical difficulties.
- The PRA reiterated that pension risks were outside the initial regime, reflecting their complexity and potential impact on beneficiaries.

Chapter 6: Financial resources

The PRA briefly recapped that Chapter 6 covers the Captive Capital Requirement (CCR), eligible capital resources and the treatment of assets and liabilities.

Questions submitted in advance

Questions covered recognition of different reinsurance structures; boards' assessment of capital above the CCR for emerging or uncertain risks; loan-backs and liquidity; asset risk; investment and pension risks; and full consolidation within a Solvency UK group.

Authorities' response

- The PRA explained that the CCR would be calculated using net written premiums and net insurance liabilities, thereby reflecting recognised reinsurance, and would remain subject to the proposed capital floor.
- The CCR would be a minimum. Boards would be required to consider whether the captive should hold additional resources where it is covering emerging or complex risks, or where the captive is concentrated towards certain risks. The PRA could request the relevant analysis during authorisation or supervision.
- The PRA explained that the risks of parental loan-backs and other assets would be addressed through standards on risk management (eg liquidity/concentration risk management, scenario testing). Captives would also report on their assets annually to the PRA.
- Existing Solvency UK group supervision and consolidation requirements would apply where a UK captive formed part of a group containing a Solvency UK insurer.

Additional discussion

- Participants were broadly positive about the proposed capital framework and discussed calibration, historically low captive failure rates and potential implications for fronting insurers. Participants noted that fronting insurers may require captives to hold resources in excess of the proposed minimum regulatory capital.
- The PRA reiterated that pension risks were outside scope and that appropriate asset-liability matching and risk-mitigation arrangements would be expected for permitted business.

Chapter 7: Governance

The PRA briefly recapped that Chapter 7 covers board composition, senior-management responsibilities and oversight of delegated activities.

Questions submitted in advance

Questions asked what operating models would be acceptable where activities were delegated and what board oversight, challenge and accountability the PRA would expect.

Authorities' response

- The PRA explained that the proposed framework was outcomes-focused and could accommodate different operating models, but legal and regulatory accountability would remain with the captive's board.
- The FCA outlined relevant proposals for captive-management arrangements, including governance, reporting, regulatory communications and management of conflicts of interest.

Additional discussion

- Participants asked when an independent non-executive director might be appropriate. The PRA explained that an SMF1 and a non-executive director would be required, but an independent non-executive director would not be mandatory.
- The PRA explained that the proposals focused on effective governance and accountability rather than prescribing underlying details (subject to always meeting Threshold Conditions). Discussion also covered when actuarial expertise might be appropriate.

Chapter 8: Other areas of policy

The PRA briefly recapped that Chapter 8 covers other policy areas, including risk management, information gathering and rules relating to run-off and captives in difficulty.

Questions submitted in advance

No questions were submitted in advance.

Additional discussion

- Participants asked about solvent-exit planning, recovery, run-off and downside scenarios, and whether captives would need to provide this in applying for authorisation. The PRA explained that a formal solvent-exit plan would not be required as part of authorisation, but firms could be asked to demonstrate that appropriate run-off, exit and downside scenarios had been considered, depending on the proposed business.

Chapter 9: Consequential amendments

The PRA briefly recapped that Chapter 9 covers the consequential amendments needed to introduce the new regime and align relevant definitions and policy materials.

Questions submitted in advance

No questions were submitted in advance.

Authorities' response

No questions were raised during the discussion.

Chapter 13: Looking ahead: potential development

The PRA briefly recapped that Chapter 13 looks beyond the proposed single-parent captive regime and considers possible future development, including protected cell companies (PCCs), group captives and association captives.

Questions submitted in advance

Questions asked about the timetable for PCCs and potential future extension to group and association captives; the treatment of PCCs as insurers; and whether the PRA's thinking on group captives had developed.

Authorities' response

- HM Treasury provided an update on legislative work required to enable PCCs to undertake insurance activity. Timing would depend on the legislative process, after which further regulatory consultation and policy development would be required.
- The PRA explained that it had not set timelines for extending the regime to group or association captives. Consultation responses and subsequent policy analysis would inform future decisions.

Additional discussion

- Participants discussed the relationship between PCCs and the wider insurance framework, conversion between standalone captives and PCC structures, and the different characteristics of group and association captives.
- Additional questions covered global employee-benefit programmes, death-in-service cover, equalisation provisions and comparisons with other jurisdictions. The authorities invited evidence and practical examples through the consultation process.

Tax

The PRA noted that questions on tax had been submitted and invited HM Treasury to respond.

Questions submitted in advance

Questions submitted in advance sought clarity on the tax treatment of UK captives and any related Government or HMRC work or direction of travel.

Response

- HM Treasury explained that the Government is not anticipating to provide tax incentives for captives under the current proposals and that captives would be taxed in the same manner as other insurance undertakings.
- HM Treasury noted that the tax treatment of future captive PCC structures would require further consideration if that framework were taken forward.

Additional discussion

- Participants raised potential implications for charities, not-for-profit organisations and smaller organisations, as well as the possible impact of insurance premium tax on captive adoption.

Feedback

The discussion concluded with broader questions about consultation feedback.

Questions submitted in advance

Questions submitted in advance, together with questions raised during the discussion, sought views on whether themes were emerging from consultation feedback received to date.

Authorities' response

- The PRA noted the strong level of industry engagement and that formal consultation responses had begun to be received, but said it was too early to draw conclusions while the consultation remained open.

Next steps

The PRA reminded participants that the roundtable discussion did not constitute a formal consultation response.

- Stakeholders wishing their views to be considered in finalising the policy should respond formally to the relevant PRA and FCA consultations, CP11_26@bankofengland.co.uk and captives@fca.org.uk, by 14 October 2026.
- Respondents were encouraged to provide practical examples, supporting evidence and information about unintended barriers or areas where the regime could operate more effectively.

- The PRA and FCA will consider the responses received before publishing their respective final policy.