

PRA Subject Expert Group on Captives – Capital & Technical Provisions

6 October 2025

Location: PRA Offices & MS Teams

Agenda

1. Introduction
2. Regulatory Balance Sheet & Regulatory Reserves
3. Capital Requirements
4. Capital Resources
5. Actions & AOB

Summary of Meeting

On the 6th October, the PRA held a Subject Expert Group (SEG) on the subject of Capital & Technical Provisions relating to a UK captive regime. Attendees were reminded of the need to be mindful of confidentiality and competition requirements.

The attendees discussed the basis of, and considerations for, level and form of capital and regulatory reporting of balance sheet items. The main points arising were:

1. The use of different accounting standards for regulatory reporting and the need for flexibility in an effective system for regulatory reporting. The need to balance requirements for smaller Protected Cell Companies (PCCs) with those for larger entities with group reporting requirements was also discussed.
2. The regulatory requirement for annual audited returns and the overall reporting burden compared with other regimes.
3. How the requirements for regulatory reporting flexibility and necessary adjustments could impact the competitiveness of the regime in an international context.
4. Capital requirements for firms – pros and cons of factor-based or risk-based calculations of capital requirements; the use of different capital instruments and balance between cost of trapped capital and necessary prudential safeguards.
5. The role of Boards in establishing and maintaining appropriate levels of capital and what reliance regulators can place on that.

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- 6. Different tiers of capital – common types of capital used by captives in other regimes, including contingent capital and loan-backs.
 - 7. Regulatory involvement in assessing types of capital and what sort of restrictions can limit this involvement.

The dates for the further SEG meetings were confirmed: Oversight & Reporting (22nd October), Employee Benefits (3rd November) and Innovation (17th November).