

**Tuesday 5 November 2024**

## **The Multiverse of Prudential Regulation**

**Association of British Insurance, One America Square, 17  
Crosswall, London, EC3N 2LB**

In science, the multiverse theory suggests that our universe and its numerous stars, planets and satellites all spanning billions of light years may not be the only one that exists. Whilst there is little tangible evidence supporting the existence of a multiverse, parallels can indeed be drawn with the world of insurance prudential regulation. In our prudential regulation multiverse, there are myriad topics of interest to the UK's Prudential Regulation Authority (PRA) and other domestic and international Regulators which impact our sector. These issues which have both financial and operational resilience implications for firms and the wider sector also transcend Solvency UK reform which given its importance has rightly dominated the discourse over the last few years.

Important topics that fall squarely within this multiverse include liquidity risk management, operational resilience (including critical third party and cyber risk management), funded reinsurance, recovery and resolution (including solvent exit planning), stress testing, technology and the all-important Solvency UK. There are also broader considerations of innovation and how the PRA's secondary objective on economic growth and competitiveness will impact its approach to regulation and enable our industry to play a leading role in the UK's economic growth, international competitiveness and transition to a net zero economy. During this event, our mission is to go to infinity and beyond by exploring all the afore mentioned topics in detail. The event will also be unique in its format and will include **7 expert sessions** supported by subject matter expert speakers in these fields and a **keynote address**. After all the experts have spoken, there will be an in-conversation style panel with all the speakers on stage to further discuss the topics explored from the sessions and to take questions from the audience.

### **Expert Sessions**

**Liquidity Risk Management** – In this session we consider liquidity risk management in broad terms. It will focus on PRA attempts to collect additional firm level liquidity information on an ongoing basis and not only in times of stress. We will explore the utility of the Bank of England's proposals to develop a lending facility for non-bank financial institutions. We will also discuss how these two initiatives are linked to action from the financial stability board to enhance liquidity risk management in regulatory jurisdictions globally.

**Operational Resilience** – This session will focus on actions firms have to take to meet the March 2025 deadline set by the PRA for running their businesses in line with their identified impact tolerances. We will discuss cyber risk management and the requirements of the PRA's critical third party requirements and amongst other things if and how these could evolve.

**Funded Reinsurance** - With the PRA due to outline its regulatory expectations of firms who use or offer funded reinsurance, this session will focus on these new requirements and what good looks like in the

design of recapture plans and the management of counterparty credit risk exposures. Funded reinsurance has received a lot of media attention recently and in this session we will aim to allay concerns about what is a legitimate and necessary mechanism to support a growing bulk purchase annuity market if used in the right business model context and with appropriate Governance and risk management and controls in place.

**Recovery and Resolution (including Solvent exit planning)** – With the development of an insurance resolution regime and the designation of the Bank of England as the resolution authority both contingent on Government legislation, this session will aim to chart the course towards the launch of this regime. The PRA’s Solvency exit planning regulatory requirements will also be discussed to include ways firm’s can potentially get ahead of the curve regarding complying with its requirements.

**Stress testing** – 2025 will see the introduction of the publication of firm level results for the core aspects of the life insurance stress test and a new dynamic element incorporated into the general insurance stress tests. In this session we will discuss what both mean for firm’s and how firms can begin preparing for both tests. We will also cover the Bank of England’s system wide exploratory scenario exercise, its early findings and wider implications.

**Technology and Innovation** – Insurers constantly face the challenge of adapting to complex and ever-changing regulatory requirements including increased reporting. However, we would expect the PRA’s secondary objective on economic growth and competitiveness to encourage greater use of technology to help reduce unnecessary reporting burdens. This session will discuss how Insurers can leverage technology such as automation, data analytics and AI to help not only streamline their reporting processes, but also add value and insight to the key stakeholders in the business.

**Solvency UK reform** – As the UK’s prudential regulation framework for insurers, Solvency UK remains critical in our present universe. As such, we will cover what needs to happen before Solvency UK is born and whether the reformed Solvency II can deliver on the Government’s original objectives for the review including the implications for UK investments.

08:30	<b>Networking Breakfast and Registration</b>
09:10	<b>Welcome Remarks</b>
	<b>David Otudeko</b> , Assistant Director, Head of Prudential Regulation, ABI
09:20	<b>Fireside Chat</b>
	<b>David Bailey</b> , Executive Director for Prudential Policy, PRA <b>David Otudeko</b> , Assistant Director, Head of Prudential Regulation, ABI
09:55	<b>Expert Session 1: Liquidity Risk Management</b> 15-minute Quickfire speaking session. In this session we consider liquidity risk management in broad terms. It will focus on PRA attempts to collect additional firm level liquidity information on an ongoing basis and not only in times of stress. We will explore the utility of the Bank of England's proposals to develop a lending facility for non-bank financial institutions. We will also discuss how these two initiatives are linked to action from the financial stability board to enhance liquidity risk management in regulatory jurisdictions globally.
	<b>Rob Ferguson</b> , Group Treasurer, Royal London
10:10	<b>Expert Session 2: Operational Resilience</b> 15-minute Quickfire speaking session. This session will focus on actions firms have to take to meet the March 2025 deadline set by the PRA for running their businesses in line with their identified impact tolerances. We will discuss cyber risk management and the requirements of the PRA's critical third-party requirements and amongst other things if and how these could evolve.
	<b>Matt Clay</b> , Director, Finance, Risk and Compliance, Baringa
10:25	<b>Expert Session 3: Funded Reinsurance</b> 15-minute Quickfire speaking session. With the PRA due to outline its regulatory expectations of firms who use or offer funded reinsurance, this session will focus on these new requirements and what good looks like in the design of recapture plans and the management of counterparty credit risk exposures. Funded reinsurance has received a lot of media attention recently and in this session we will aim to allay concerns about what is a legitimate and necessary mechanism to support a growing bulk purchase annuity market if used in the right business model context and with appropriate Governance and risk management and controls in place.
	<b>Iain Macintyre</b> , Head of Risk and Capital, Hymans Robertson
10:40	<b>Networking Break – Tea and Coffee in ES3 (20 mins)</b>
11:00	<b>Expert Session 4: Recovery and Resolution (including Solvent exit planning)</b>

	<p>15-minute Quickfire speaking session.</p> <p>With the development of an insurance resolution regime and the designation of the Bank of England as the resolution authority both contingent on Government legislation, this session will aim to chart the course towards the launch of this regime. The PRA's Solvency exit planning regulatory requirements will also be discussed to include ways firm's can potentially get ahead of the curve regarding complying with its requirements.</p>
	<b>Emily Grewcock</b> , Director, Deloitte
11:15	<p><b>Expert Session 5: Stress testing</b></p> <p>15-minute Quickfire speaking session.</p> <p>2025 will see the introduction of the publication of firm level results for the core aspects of the life insurance stress test and a new dynamic element incorporated into the general insurance stress tests. In this session we will discuss what both mean for firm's and how firms can begin preparing for both tests. We will also cover the Bank of England's system wide exploratory scenario exercise, its early findings and wider implications.</p>
	<b>Jo Clube</b> , Director of Finance & Sustainability Technical, Aviva
11:30	<p><b>Expert Session 6: Technology and Innovation</b></p> <p>15-minute Quickfire speaking session.</p> <p>Insurers constantly face the challenge of adapting to complex and ever-changing regulatory requirements including increased reporting. However, we would expect the PRA's secondary objective on economic growth and competitiveness to encourage greater use of technology to help reduce unnecessary reporting burdens. This session will discuss how Insurers can leverage technology such as automation, data analytics and AI to help not only streamline their reporting processes, but also add value and insight to the key stakeholders in the business.</p>
	<p><b>Matt Benaron</b>, CEO, Vantage Point Consulting</p> <p><b>Andy Moss CA</b>, Account Director, CCH Tagetik – Wolters Kluwer</p>
11:45	<p><b>Expert Session 7: Solvency UK reform</b></p> <p>As the UK's prudential regulation framework for insurers, Solvency UK remains critical in our present universe. As such, we will cover what needs to happen before Solvency UK is born and whether the reformed Solvency II can deliver on the Government's original objectives for the review including the implications for UK investments.</p>
	<b>Tamsin Meakin</b> , Partner, Oliver Wyman
12:00	<p><b>In conversation with... and Q&amp;A session</b></p> <p>30-minute in conversation with TBC</p>
	<p>Chair: <b>Isaac Alfon</b>, Managing Director, Consulting Crowe</p> <ul style="list-style-type: none"> <li>• <b>Jo Clube</b>, Director of Finance &amp; Sustainability Technical, Aviva</li> <li>• <b>Rob Ferguson</b>, Group Treasurer, Royal London</li> </ul>

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- **Matt Benaron**, CEO, Vantage Point Consulting
- **Emily Grewcock**, Director, Deloitte
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- **Matt Clay**, Director, Finance, Risk and Compliance, Baringa

12:35

**Closing Remarks**

**Janice Fordjour**, Policy Adviser, Prudential Regulation, ABI

12:40

**Event Close**