



Redesignation of Senior Insurance Management Functions to Senior Management Functions, and the change-over to 'Statements of Responsibilities' by insurers

1. This note outlines the Prudential Regulation Authority's (PRA's) position regarding the redesignation of Senior Insurance Management Functions (SIMF) to Senior Management functions (SMF), and the provision of 'Statements of Responsibilities' to the PRA by insurers, reflecting the commencement regulations that have been published by HM Treasury.¹ It is therefore relevant to Solvency II insurers (ie UK Solvency II firms, the Society of Lloyd's and Lloyd's managing agents, and third country (re)insurance branches), insurance special purpose vehicles (ISPVs), large non-Directive firms (NDFs), small NDFs and Swiss general insurers. This note applies in respect of those individuals who are SIMFs at Monday 10 December 2018 and in respect of persons subsequently approved to perform an SMF at an insurer.
2. This note explains that:
 - a. On Monday 10 December 2018 SIMFs will be automatically redesignated as SMFs and, where appropriate, the reference number for certain SIMFs will also change automatically.
 - b. Insurers will need to update their Scope of Responsibilities record to reflect the change to 'Statement of Responsibilities'.
 - c. Firms do not need to submit an updated 'Statement of Responsibilities' record to the PRA, but will be expected to have the updated Statement of Responsibility available should the relevant record be requested by the PRA as part of ongoing supervision.
 - d. Firms are requested to submit applications for the approval of individuals for the new SMF6 and SMF24 roles as soon as practically possible after 10 December 2018.²

Redesignation of S(I)MFs

3. All those individuals who have a 'current approved person approval'³ given by the PRA for a SIMF as at Monday 10 December 2018 will automatically be redesignated for the corresponding SMF in the SM&CR on the same date. Where relevant, the SIMF will also be renumbered. Applications that are 'in-flight' on Monday 10 December 2018 will be automatically redesignated and renumbered. The annexed table shows the relevant SMF that will correspond to each SIMF.

Statements of Responsibility

4. In accordance with the Insurance – Allocation of Responsibilities Part of the PRA Rulebook for Solvency II firms, and the corresponding parts of the Rulebook for large NDFs and small NDFs respectively, firms should have a 'Scope of Responsibilities' record for each senior manager. The PRA stated in Policy Statement (PS) 15/18, that as part of the extension of SM&CR to insurers this 'Scope of Responsibilities' record is being renamed in the PRA Rulebook as a 'Statement of Responsibilities' (SoR).⁴

1 www.legislation.gov.uk/uksi/2018/990/made.

2 Indent added to this note on 25 September 2018

3 As defined in Insurance - Senior Managers Regime – Applications & Notifications.

4 'Strengthening individual accountability in insurance: Extension of the SM&CR to insurers', July 2018:

www.bankofengland.co.uk/prudential-regulation/publication/2018/strengthening-individual-accountability-in-insurance-extension-of-the-smcr-to-insurers.

5. Firms will be required to hold an SoR for each senior manager, in accordance with the above parts of the PRA Rulebook, that meets the requirements of section 60 of Financial Services and Markets Act (2000) (FSMA) and, where relevant, regulation 4 of the Commencement regulations.¹ These SoRs will not be required to be submitted automatically to the PRA by insurers on Monday 10 December 2018 (the commencement date of the extension of the SM&CR to insurers), but could be requested from firms by the PRA as part of ongoing supervision.
6. As stipulated in section 62A of FSMA and explained further in paragraph 2.24 of PS15/18, firms will still need to provide the PRA with an updated version of the relevant SoR whenever there is a significant change to a senior manager's responsibilities, or whenever an individual applies to be approved for an SMF. The relevant final rules for the submission of SoRs to the PRA in these circumstances, through a 'Statement of Responsibilities form', are obtained in Annex S of the PRA rule instrument that was published with PS15/18, and can also be found in the Insurance – Senior Managers Regime – Applications & Notification Part of the PRA Rulebook for Solvency II firms, as well as the corresponding parts of the Rulebook for large NDFs and small NDFs respectively.

Applications for SMF6 (Head of Key Business Area Function³) and SMF24 (Chief Operations Function)²

7. Forms cannot be submitted for the new SMF6³ and SMF24⁴ for insurers in advance of the commencement date of the extended regime. There will be no notification/application closing date. However, firms are requested to submit these documents as soon as practically possible.
8. Firms will need to provide the PRA with an up-to-date version of the relevant SoR⁵ whenever an individual applies to be approved for an SMF.

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1 Paragraph 2.57 of Supervisory Statement (SS) 35/15 'Strengthening accountability in insurance', July 2018: www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss explains that the SoR required by the PRA Rulebook to be held for a senior manager should include the statutory 'statement of responsibilities' that is required for the purposes of FSMA.

2 Section added to this note on 27 September 2018.

3 For more information on the SMF6 role, see paragraphs 2.22M to 2.22N in SS 35/15 'Strengthening accountability in insurance', July 2018: www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss.

4 For more information on the SMF24 role, see paragraphs 2.22H to 2.22LA in SS 35/15 'Strengthening accountability in insurance', July 2018: www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss.

5 For more information on the contents of an SoR, see paragraphs 2.57 to 2.88 in SS 35/15 'Strengthening accountability in insurance', July 2018: www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss.

Annex: List of PRA SMFs corresponding to a PRA SIMF for insurers as at Monday 10 December 2018

PRA SIMF	Description of SIMF	SMF	Description of SMF
SIMF1	Chief Executive function	SMF1	Chief Executive function
SIMF2	Chief Finance function	SMF2	Chief Finance function
SIMF4	Chief Risk function	SMF4	Chief Risk function
SIMF5	Head of Internal Audit function	SMF5	Head of Internal Audit function
SIMF7	Group Entity Senior Insurance Manager function	SMF7	Group Entity Senior Manager function
SIMF9	Chairman function	SMF9	Chair of the Governing Body function
SIMF10	Chairman of Risk Committee function	SMF10	Chair of Risk Committee function
SIMF11	Chairman of Audit Committee function	SMF11	Chair of Audit Committee function
SIMF12	Chairman of Remuneration Committee function	SMF12	Chair of Remuneration Committee function
SIMF14	Senior Independent Director function	SMF14	Senior Independent Director function
SIMF19	Head of Third Country Branch function	SMF19	Head of Third Country Branch function
SIMF20	Chief Actuary function	SMF20	Chief Actuary function
SIMF21	With-Profits Actuary function	SMF20a	With-Profits Actuary function
SIMF22	Chief Underwriting Officer function	SMF23	Chief Underwriting Officer function
SIMF23	Underwriting Risk Oversight function	SMF23a	Underwriting Risk Oversight function
SIMF25	Small Insurer Senior Management function	SMF25	Small Insurer Senior Management function
SIMF26	Head of small run-off firm function	SMF26	Head of small run-off firm function