

INSURANCE LEVY 2022/23

FACT SHEET

The Financial Reporting Council (FRC)'s role

The purpose of the FRC is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; promotes the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

The FRC is going through a period of significant and sustained change. Our Strategy 2022 - 25, published in March 2022, sets out the programme of work we will deliver in 2022/23 and the resources we will need. It is available on our website at www.frc.org.uk.

As a public body we aim to meet the highest standards of governance and accountability, operating within the framework agreed with Government and independent from those we regulate.

Our actuarial responsibilities

Following the Morris Review of the Actuarial Profession, published in March 2005, HM Treasury asked the Financial Reporting Council (FRC) to take on responsibility for oversight of the regulatory activities of the Institute and Faculty of Actuaries (IFoA) and the independent setting of technical actuarial standards.

The FRC seeks to promote high quality actuarial practice and the integrity, competence and transparency of the actuarial profession to the benefit of all those who rely on actuarial advice.

The FRC is responsible for:

- The setting and maintenance of Technical Actuarial Standards and Actuarial Standard Technical Memorandum 1.
- Oversight of the regulation of actuaries by the Institute and Faculty of Actuaries (IFoA). The IFoA sets ethical and conduct standards for its members, subject to independent oversight by the FRC.
- Operating independent disciplinary arrangements for actuaries. The FRC's Actuarial Scheme covers Members of the Institute and Faculty of Actuaries. The FRC will commence an investigation into a Member if the case raises or appears to raise important issues affecting the public interest in the UK; and there are reasonable grounds to suspect that there may have been misconduct.

We work closely with the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), the Pensions Regulator and the IFoA.

Basis for the Insurance Levy

We request an annual contribution from insurance companies in the form of a voluntary levy as part of the arrangements agreed with HM Treasury for funding the FRC's responsibilities for actuarial standards and regulation.

These arrangements for funding our actuarial responsibilities are designed to ensure that insurance companies, pension schemes and the UK actuarial profession contribute a reasonable share of the costs we incur, and that the arrangements for collecting the contributions are as straightforward and cost-effective as possible.

The insurance levy group includes life and general insurance companies which are required to pay the relevant FCA/PRA regulatory fees (Fee blocks A.3 and A.4). The insurance levy charge for 2022/23 will be a levy equivalent to 0.72% of the fees charged by the FCA and PRA. The levy is collected by the FCA alongside its own fees.

The FRC's actuarial responsibilities are funded through these non-statutory arrangements on the basis of an understanding with the groups who pay the levy. Should this voluntary approach prove unsustainable, the FRC would formally request that the Secretary of State make regulations for the FRC to levy its funding on a statutory basis under Section 17 Companies (Audit, Investigations and Community Enterprise) Act 2004.

Contact Us

If you have a question about the method of payment, please contact the FCA contact centre on 0300 500 0597 or fcafees@fca.org.uk

If you have a policy related question on the levy, please email on levies@frc.org.uk

Financial Reporting Council

September 2022