



## FINANCIAL REPORTING COUNCIL

### INSURANCE LEVY 2011/12

#### FACT SHEET

The Financial Reporting Council is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

The FRC has a range of statutory powers under UK Company Law. We promote high standards of corporate governance through the UK Corporate Governance Code. We contribute to high quality corporate reporting, and set standards for auditing and actuarial practice, and monitor accounting and auditing standards. We also oversee the regulatory activities of the professional accountancy and actuarial bodies and operate independent disciplinary arrangements for public interest cases involving accountants and actuaries. Details of the FRC's work are available on our website at [www.frc.org.uk](http://www.frc.org.uk).

***This fact sheet provides an overview of the background and basis for the Levy, the benefits derived from the FRC by insurance companies.***

#### **Background to the Levy**

- Following consultation in the context of the Morris Review – and further public consultation by the FRC - it was agreed by HM Treasury that the costs the FRC incurs in relation to its responsibilities for actuarial standards and regulation should be met by the main beneficiaries of the new arrangements being pension schemes, life and general insurance companies, and the Actuarial Profession.
- The actuarial standards for which we set are relevant to users of actuarial advice – in particular, administrators, trustees and managers of pension funds and directors of insurance companies - as well as to those providing such advice.
- The arrangements for funding our actuarial responsibilities are designed to ensure that pension schemes, insurance companies and the 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.
- We work closely with the Pensions Regulator and the FSA to ensure that our standards provide, where appropriate, the necessary basis for actuaries advising pension funds and insurance companies to provide advice in a form which enables those entities to comply with the Pensions Regulator's guidance, DWP Regulations and FSA rules.

## Basis for the Levy

- We collect an annual levy from insurance companies as part of the arrangements agreed by HM Treasury for funding the FRC's responsibilities for actuarial standards and regulation.
- The insurance levy group includes life and general insurance companies which are required to pay the relevant FSA regulatory fees (FSA fee blocks A3 and A4). The levy is collected by the FSA alongside its own fees.
- Section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as amended by Part 44 of the Companies Act 2006, confers a power on the Secretary of State to make regulations enabling the FRC to recover its costs through a levy. Thus far, this power has not been exercised.
- The FRC's responsibilities are funded through non-statutory arrangements on the basis of an understanding with the groups subject to the levy. However, should a voluntary approach prove unsustainable, the FRC will formally request that the statutory power be invoked.

## The Benefits of the FRC's Work for Pension Schemes and Insurance Companies

The FRC's work includes:

- Setting standards for the actuarial information used by trustees, corporate sponsors, scheme members, and insurance companies, in making decisions.
- Seeking the views of users including the pension and insurance sectors and other regulators in designing its standards with the specific intention of ensuring the information that they lead to is useful to decision-makers.
- Overseeing the activities of the Actuarial Profession in regulating its members – covering education and training, continuing professional development, ethical and conduct standards, compliance and discipline; and conducting independent disciplinary arrangements which cover public interest cases involving actuaries.

The FRC designs its standards with the intention of ensuring that the information they lead to is useful to decision-makers.

## Further Details

Our website also gives details of our governance and accountability, our statutory powers and our Plan & Budget 2011/12.

Further information on the FRC's role in relation to actuarial standards and regulation is available on our website at [www.frc.org.uk/about/actuarialregulation.cfm](http://www.frc.org.uk/about/actuarialregulation.cfm)

### Contact Us

If you have a question about the **method of payment**, please contact the FSA contact centre on 0845 606 9966

If you have **any other query** in relation to the levy, please e-mail your question to David Andrews at the FRC on [planning@frc.org.uk](mailto:planning@frc.org.uk) (telephone 020 7492 2382).

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