

# INSURANCE LEVY 2015/16

## FACT SHEET

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

To meet this responsibility we set the UK Corporate Governance and Stewardship Codes as well as UK standards for accounting, auditing and actuarial work. We represent UK interests in international standard-setting. We monitor and take action to promote the quality of corporate reporting and auditing. We operate independent disciplinary arrangements for accountants and actuaries. We also oversee the regulatory activities of the accountancy and actuarial professional bodies. Details of the FRC's work are available on our website at [www.frc.org.uk](http://www.frc.org.uk)

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

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 UK Actuarial Profession and the independent setting of technical actuarial standards. This latter task was the remit of the Board for Actuarial Standards until 2 July 2012 when responsibility was passed to the FRC.

The actuarial standards which we set underpin the quality of the actuarial work to which they apply. They are therefore relevant to users of actuarial advice – in particular directors and managers of insurance companies, and administrators, trustees and managers of pension funds – as well as to those providing such advice.

The 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.

We work closely with the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and the Pensions Regulator to ensure that our standards provide, where appropriate, the necessary basis for actuaries advising insurance companies and pension schemes to provide advice in a form which enables those entities to comply with the FCA and PRA rules, Pensions Regulator's guidance, and Department for Work and Pensions (DWP) Regulations.

### **Basis for the Insurance 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 FCA regulatory fees (FCA fee blocks AF03 and AF04). The levy is collected by the FCA 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.

### **Contact Us**

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

If you have any other query in relation to the levy, please e-mail the FRC Head of Organisational Development, David Andrews, on [plan@frc.org.uk](mailto:plan@frc.org.uk) (telephone: 020 7492 2382).

### **Financial Reporting Council**

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