

INSURANCE LEVY 2017/18

FACT SHEET

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. We are the Competent Authority for statutory audit in the UK and 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 operate independent enforcement 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.

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.

The technical 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/PRA regulatory fees (Fee blocks A.3 and A.4). The levy is collected by the FCA alongside its own fees.

The FRC's responsibilities are funded through 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.

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

Financial Reporting Council

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