

## **ABI response to FSB consultation on ‘Strengthening Oversight and Regulation of Shadow Banking’**

### The UK Insurance Industry

The UK insurance industry is the third largest in the world and the largest in Europe. It is a vital part of the UK economy, managing investments amounting to 26% of the UK’s total net worth and contributing £10.4 billion in taxes to the Government. Employing over 290,000 people in the UK alone, the insurance industry is also one of this country’s major exporters, with 28% of its net premium income coming from overseas business.

Insurance helps individuals and businesses protect themselves against the everyday risks they face, enabling people to own homes, travel overseas, provide for a financially secure future and run businesses. Insurance underpins a healthy and prosperous society, enabling businesses and individuals to thrive, safe in the knowledge that problems can be handled and risks carefully managed. Every day, our members pay out £147 million in benefits to pensioners and long-term savers as well as £60 million in general insurance claims.

### The ABI

The ABI is the voice of insurance, representing the general insurance, protection, investment and long-term savings industry. It was formed in 1985 to represent the whole of the industry and today has over 300 members, accounting for some 90% of premiums in the UK.

The ABI’s role is to:

- Be the voice of the UK insurance industry, leading debate and speaking up for insurers.
- Represent the UK insurance industry to government, regulators and policy makers in the UK, EU and internationally, driving effective public policy and regulation.
- Advocate high standards of customer service within the industry and provide useful information to the public about insurance.
- Promote the benefits of insurance to the government, regulators, policy makers and the public.

### General comments on *Annex 2: Proposed regulatory framework for haircuts on non-centrally cleared securities financing transactions*

The ABI welcomes the opportunity to comment on the FSB’s public consultation concerning haircuts on non-centrally-cleared securities financing transactions.

Our only substantive comment on the proposals at this stage concerns the practical need for further clarification in relation to the definition of proposed scope of application for numerical haircut floors.

We believe that it is of utmost importance that the FSB and authorities consider carefully which other institutions might be included within such a definition. For example, insurers will already be subject to capital and liquidity rules under the impending Solvency II regime (due to come into force across the European Union in January 2016); existing arrangements such as these should be taken into account.