



BANK OF ENGLAND

Andrew Bailey
Governor

Gareth Thomas MP
Member of Parliament for Harrow West
House of Commons
London
SW1A 0AA

01 June 2021

Dear Gareth,

Thank you for your letter in relation to the proposed demutualisation of Liverpool Victoria (LV), following the publication of the All-Party Parliamentary Group for Mutuals' report.

Your letter raises broader issues than that proposed transaction in relation to the PRA's objectives, role and remit in relation to mutuals, and our support for the mutual sector. I would therefore like to set out our approach to the sector and clarify our remit in relation to firms' decisions about their ownership. I have responded to the questions in your letter as fully as possible, within the constraints of the Financial Services and Markets Act 2000 ("the Act").

Some of your enquiries around ownership rights and the fairness of the acquisition to LV's members are within the Financial Conduct Authority's ("FCA") remit. Ultimately if court proceedings apply (for example in the context of a Part VII transfer), fairness is an issue to be decided by the court. The FCA would therefore be better placed to answer those questions.

The PRA's approach to mutuals

When carrying out its general functions (as opposed to taking individual supervisory decisions),¹ the Act requires the PRA to have regard to differences in the nature and objectives of different kinds of business organisation, including mutuals. When making rules the PRA is required to consider and explain whether the rules would have a significantly different impact on mutuals compared to non-mutuals. This consideration is covered in our policy making communications, including Consultation Papers and Policy Statements.

In addition to our consideration of how any policy being made will affect mutuals, the PRA has undertaken significant work in relation to the mutual sector, including:

- New capital requirements for the credit unions sector outlined by the Deputy Governor for Prudential Regulation, Sam Woods, in his 2019 Mansion House speech "Credit union meets robot." These changes simplified the regime for credit unions and removed "cliff-edges" of additional capital required of growing credit unions. They came into effect in March 2020. We now operate a graduated approach that allows credit unions a glide-path and removes unnecessary barriers to responsible growth.
- These changes to the capital regime built upon previous credit union regulatory reform, consulted upon extensively throughout 2015 and made in 2016. The 2016 changes increased flexibility for credit unions in areas such as payment services and lending. For example, credit unions are now able to lend larger amounts to their members over longer periods and a credit union could decide to undertake a wider range of activities provided they met certain governance and risk management requirements, rather than having to undertake the extensive application process that was required previously.
- The PRA is engaging with HMT and the FCA in relation to the Government's proposals to permit credit unions to carry out a wider range of activities. In the event of expansion, we are committed to a dialogue with the credit union sector – with which we believe we have a very

¹ The PRA's "general functions" are, broadly, making rules and technical standards and determining our general policy approach, as distinct from taking supervisory decisions regarding individual firms.

constructive relationship – and other stakeholders. We are committed to a proportionate approach to regulating credit unions.

- For friendly societies seeking to merge their businesses, the PRA has been flexible in relation to processes involved, for example waiving the requirement for an independent actuarial report where possible, in order to reduce the impact of the costs of transfer on member value.
- Reforms in 2014 to the regulation of with-profits business in response to concerns raised by mutual insurers. Faced with the prospect of a substantial decline in demand for new with-profits business, following a period of growth in previous decades, they were not able to use capital to finance new non-profit business. More detail on these reforms that built on the Financial Service Authority's 'Project Chrysalis' and supported the subsequent work of the FCA on the project, is included in my response on reforms to legislation (question 11).
- Through the challenges of Covid-19, we have taken a proportionate approach to supervision of mutuals and other firms, by delaying thematic reviews, scaling back reporting requirements and extending regulatory deadlines all in the interest of ensuring a greater degree of flexibility, and where possible support, during challenging times.

PRA Role and Remit

A demutualisation in itself does not require PRA approval; and the fact that a particular transaction would result in a demutualisation is not, in and of itself, a basis for PRA intervention.

In the case of the proposed LV/Bain transaction, the change in control from LV's mutual owners to Bain, and material elements of the subsequent restructuring, will involve the PRA's close scrutiny and challenge prior to decisions on the proposals.

The PRA will assess the proposals against our statutory objectives, which are prescribed by the Act. Our objectives are promoting the safety and soundness of the firms we regulate and *contributing*² to securing an appropriate degree of protection for policyholders. These objectives are complementary and effectively define our remit as the UK's prudential regulator for deposit-takers, insurers and certain investment firms. We also have a secondary objective of facilitating effective competition in the markets to which PRA-regulated firms provide services.

As well as carrying out an assessment of the proposed transaction against our statutory objectives, the PRA will also have a specific statutory role in relation to certain aspects of the transaction. For example, in order to acquire any PRA-regulated companies in the LV group, Bain would require the prior approval of the PRA, known as a "change in control" approval. The factors we must assess (and exclude) in deciding whether to grant approval, and the process we must follow, are set out in the Act.

I understand that the proposed transaction, if voted for by LV's members, is also intended to involve two court decisions: a transfer of business under Part VII of the Act and a scheme of arrangement under the Companies Act 2006. Our approach to these processes is set out in our published policies,³ but in summary:

- We have a prescribed role under the Act in relation to insurance business transfers, which includes approving the appointment of an independent expert ("IE") to provide a report to the court. We also typically submit a report of our own to the court, which sets out our view on the impact of the proposed transfer of business on our statutory objectives and highlights any concerns we have in that regard.
- We do not have any prescribed statutory role in relation to proposed schemes of arrangement, but we assess proposals to determine whether they pose any risks to our statutory objectives, and may submit our views to the court as appropriate.

² We, and our objectives, operate in the context of the UK's 'Twin Peaks' model of regulation (as outlined in our [Memorandum of Understanding](#) with the FCA). The PRA's policyholder protection objective focuses on ensuring that insurers are able to meet their policy obligations to policyholders; this contributes to and supports consumer protection objective of the FCA, which is the regulator with a mandate and rules regarding fairness.

³ See Supervisory Statement 3/14 *The Prudential Regulation Authority's approach to schemes of arrangement proposed by PRA-authorised insurers under Part 26 of the Companies Act 2006* (<https://www.bankofengland.co.uk/prudential-regulation/publication/2014/the-pras-approach-to-schemes-of-arrangement-proposed-by-pra-authorised-insurers-ss>) and Statement of Policy *The Prudential Regulation Authority's approach to insurance business transfers* (<https://www.bankofengland.co.uk/prudential-regulation/publication/2015/the-pras-approach-to-insurance-business-transfers>)

We work closely with the FCA in our supervision, taking into account our different statutory remits. The Act also requires that we consult the FCA before taking certain decisions, such as approving the acquisition of a PRA-regulated firm. In practice, the PRA regularly consults and coordinates with the FCA on a transaction of this nature.

In addition to the statutory objectives given to the PRA, our remit is also informed by the Government's macroeconomic strategy as set out in the Chancellor's recommendations for the Prudential Regulation Committee, issued to me in March this year,⁴ which states:

'The government's economic policy objective is to achieve strong, sustainable and balanced growth...To achieve this objective, the government's economic strategy consists of [amongst other criteria]...:

...maintaining a resilient, effectively regulated and competitive financial system that supports the real economy through the provision of productive finance and critical financial services, while protecting consumers, safeguarding taxpayer interests and supporting the transition to a net zero economy...'

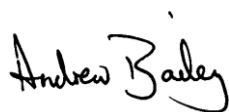
It is also worth noting the following under the competition sector of the same letter:

'The government is keen to see more competition in all sectors of the industry, particularly retail banking. This includes minimising barriers to entry and growth, as well as ensuring a diversity of business models within the industry.'

While acknowledging a financial system may take strength from a diversity of business models, our remit does not promote one form of ownership over others. However, we are concerned to ensure that investment and ownership structures are suitable and aligned with the outcomes we seek for safety and soundness, policyholder protection and financial stability.

In Annex 1 to this letter I outline our response to your specific questions which I hope, along with the above, proves useful in providing you with the further information you sought on this matter.

Yours sincerely,



⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972443/CX_Letter_-_PRC_Remmit_230321.pdf

ANNEX 1 – Response to questions received 11 May 2021

Meetings with key Stakeholders

1. *How many times and on what dates have your officials met with representatives of the Board of LV to discuss their proposed demutualisation?*
 - As Charlotte Gerken noted to you in her second letter to you on 25 March 2021, we have engaged extensively with LV since the start of its strategic review process which resulted in LV's decision to proceed with a sale. The aim of our engagements has been to assess the risks any transaction may pose to our statutory objectives, either in its design or execution.
 - As a PRA-regulated firm, LV is subject to a close and continuous supervisory approach proportionate to its size and complexity. Since being notified of the planned transaction we have continued to engage extensively, including with representatives of the board, to assess the potential impact on our objectives. This level of engagement is consistent with other similarly sized firms that embark on large transactions or restructurings.
 - To be more specific, we were informed of the offers LV had received from external parties in June 2020 and, based on our records, we have had over 35 meetings (all conducted remotely) with LV since then that have both included a representative of the board and included some form of discussion of the proposed transaction (Annex 2 includes details of the dates of these meetings). A number of these meetings were part of our regular schedule of supervisory meetings and covered matters other than the proposed transaction.
2. *Whether they have met with owners of LV or their representatives opposed or concerned by the demutualisation?*
 - We have not met, and do not do so as a general approach, with any of LV's members but we have responded to any written enquiries received from members to date, such as queries as to the PRA's role in relation to the transaction.⁵
 - As usual for a proposed transaction of this type, LV's members will be invited to submit their views to LV directly. To the extent that the transaction entails court hearings – for example, in connection with the anticipated scheme of arrangement and insurance business transfer – processes mentioned above, members would also have the opportunity to submit their views directly to the court.
3. *Who else have they met with and on what occasion to discuss the future of LV?*
 - The PRA is subject to confidentiality obligations under the Act and therefore could only disclose confidential information regarding a regulated firm to a third party if the firm gave its prior consent, unless certain exceptions under the Act applied.
 - Therefore, where firms interested in acquiring a PRA regulated firm, such as LV, let their supervisor know of their interest as part of their obligations to be open with the regulator under the Fundamental Rules, the PRA does not disclose or discuss any information with them concerning the target firm.
 - As I note above, before acquiring any PRA-regulated entity, the proposed acquirer must obtain "change in control" approval from the PRA, and the criteria that the PRA must consider when deciding whether to grant approval are prescribed by the Act. The PRA's process for change in control applications is set out on the Bank's website.⁶ During the application process, the PRA and the proposed acquirer will discuss the proposed acquirer's plans for the PRA-regulated entity, and the PRA requests information from the proposed acquirer for the purposes of the PRA's assessment.

Communications with owners of LV

4. *Why has the PRA decided not to revisit the decision LV took to convert to a mutual company limited by guarantee given the very strong assurances that such a move wasn't going to lead*

⁵ Previously, ahead of the PRA's decision to permit LV to convert from a friendly society to a mutual company limited by guarantee under the Friendly Societies Act 1992, the PRA invited any members that wanted to make oral representations to meet with PRA directors. We received 10 written representations, but no members attended in person.

⁶ <https://www.bankofengland.co.uk/prudential-regulation/authorisations/change-in-control>

to demutualisation and the recent speech by the Chairman to members confirming how important that conversion was to their current plans to demutualise?

- The PRA does not intend to revisit the decision taken by LV on its conversion to a mutual company limited by guarantee. We engaged with LV throughout its conversion in our role as prudential regulator and as the statutory decision-maker on the application for the conversion.
- The PRA's statutory role in relation to the conversion process is covered under Schedule 15 of the Friendly Societies Act but can be summarised as the following:
 - o approve the content of the member statement;
 - o direct the manner in which the firm in question must make the application for conversion;
 - o direct (if it so wishes) the newspapers in which the notice must be published;
 - o determine the time and place and date for any representations by members regarding the conversion; and
 - o confirm the conversion (unless precluded from doing so by any of the specific reasons set out in the Schedule).
- We note the reasons that LV gave for the conversion, which were primarily in the interest of trying to improve its strategic options for the future in response to a decline in new with-profits business.⁷ Although demutualisation was not the specified reason for the conversion, the possibility of demutualisation was mentioned in the communications to members at the time as one, amongst others, that would be available to LV as a result of the conversion process, although notably it would require a further member vote as part of a scheme of arrangement to overturn the 'poison pill'.⁸ LV's board have subsequently decided that the transaction with Bain, involving a demutualisation, is its preferred strategic option, but it is still for the members to decide through their member vote whether it is their preferred option too.
- The PRA will not interfere with an insurer's chosen strategic option, even if it involves a demutualisation, unless the proposed transaction is not consistent with the PRA's objectives, namely in relation to the safety and soundness of the firm and the security of policyholder benefits.
- In addition, the conversion aimed to facilitate a wider project intended to result in greater clarity on the rights and interests of policyholders and members. This project followed the sale of the general insurance business in 2019, which was a process also undertaken by LV, aimed at strengthening its long-term capital position and rewarding the with-profits members for their previous investment in the business.
- On the question you raise regarding the consistency of LV's current plans with its previous statements with members, our FCA colleagues, who lead on this matter (and with whom we will engage), will be assessing the fairness of the Bain transaction vis a vis members/policyholders and also the suitability of the communications on the proposed transaction that will go out to members in due course.

⁷ The strategic challenge faced by LV is not uncommon for life insurers that have large books of with-profits business, as noted in relation to the work we did in response with Project Chrysalis. The crux of the matter is that in the case of mutual insurers with a common fund including both the firm's with-profits business and its non-profit business, it may be very difficult for the firm to allocate capital to support new non-profit business. With declining volumes of with-profits business, such new non-profit business may be required to avoid the eventual run off of the firm's with-profits fund (and avoid the effective closure of the firm's business). In the case of a mutual insurer, the capital required for the new non-profit business would need to be supported by the with-profits policyholders (potentially to their disadvantage, utilising surplus in the common fund), with no external shareholder support (more detail on this is covered in our response to Question 11 on regulatory reforms). By contrast, a proprietary firm, faced with the same situation would have the option of financing that new business out of shareholder funds or otherwise with shareholder or group support. Another related issue is that any mutual firm faced with the run-off of its with-profits business may need to find a solution to the issue of the equitable distribution of surplus within the common fund, which will have been built over many generations of policyholders, to remaining with-profits policyholders.

⁸ I.e. the current rule in LV's articles of association that states that the transfer of the firm's business to a non-mutual company, must be voted on by members and for the vote to be passed:

- at least 50% of all our eligible members have to take part in the vote; and
- 75% of those who do vote must vote in favour of any proposal, in order for it to be passed.

5. *Will the PRA be considering why LV decided not to hold a virtual AGM last year for their members?*
- We are aware that due to Covid-19, LV was not able to hold its AGM in the usual way but did conduct a virtual AGM on 30 September 2020.
6. *Given that Charlotte Gerken of the PRA told us that in her view LV was well capitalised, (which used to be also the public position of the LV leadership but which without any obvious public evidence so far is no longer their view) will there be a review of the quality of communications by the Board with owners about the justification for the proposed demutualisation?*
- I refer to the extract from the transcript of Charlotte's response to you on the capital position:
'They have a fair capital position now, so they are meeting the regulatory requirements and have a strong solvency coverage ratio. I think the question is, in order to invest in the business for the future, how they should raise the capital for that investment' ('S1: 19:00 – transcript from 22 March of Mutuals APPG inquiry session into the sale of LV')
 - Noting the comments I have made in the covering letter around the challenges firms can face with declining with-profits business, as a forward looking regulator we are alive to future challenges and risks businesses may face and how they might plan to deal with them.
 - Ensuring the fairness and adequacy of member communications, including with respect to demutualisation, is part of the FCA's function as the conduct regulator, rather than being within the remit that Parliament has set for the PRA. As we have explained, when we assess this proposed transaction we will focus on the risks to our own statutory objectives.
7. *Will the PRA be considering the apparent agreement between Bain Capital the proposed new owners of LV and the current Chairman for him to continue as Chair of LV?*
- As noted in our letter to you of 1 March 2021, the PRA has commenced engagement with LV and Bain on the proposed transaction. When reviewing the transaction, we will be assessing the prudential implications and risks in line with our remit and responsibilities. This will include consideration of the post-transaction governance arrangements (including board membership, composition and remuneration).

Compensation for Ownership Rights

8. *How will the PRA judge whether the owners of LV are being offered fair compensation for the loss of their ownership rights; given that the Board of LV will choose the 'independent' expert, will brief them and will pay them?*
- As noted in our response to you on 1 March 2021, the PRA will assess the transaction in light of its objectives. Specific statutory criteria will apply in relation to any PRA approvals required and the PRA's role in any Part VII transfer. While the PRA's review would include assessing any implications that the offer has for the safety and soundness of the firm and the protection of policyholders, the assessment of whether members receive 'fair compensation' is outside the PRA's remit. It falls within the remit of the FCA.
 - If by ownership rights you are referring to members/policyholders' rights or interests in surplus held by the insurer, the question of ownership rights will be assessed by the FCA; it is covered under their rules in the FCA Handbook (COBS 20.2). Ultimately (if court proceedings apply, for example in the context of a Part VII transfer), fairness is an issue to be decided by the court. Your question would be better answered by the FCA but I will cite the FCA's response to the APPG for mutuals inquiry of 1 March 2021 for ease of reference:
'The FCA will consider the fairness to policyholders of the transfer (under Part VII of FSMA) of LV's business to the entity that Bain is proposing to acquire. This consideration of fairness will include an assessment of whether there are any material adverse effects to policyholders (or groups thereof) as a result of the transfer e.g. with respect to the security of their benefits, the expected level of their benefits or the governance and servicing standards they will experience

after the transfer. We will give particular consideration to the fairness to with-profits policyholders, including that their interest in the inherited estate is appropriately recognised through the terms of the Part VII Scheme, and that they benefit from appropriate protections and strong governance in a ring-fenced fund after the Part VII transfer. We will also consider the assessment of the IE of the fairness of the transfer to policyholders as opposed to the alternative should the transfer not proceed. The FCA will also consider the fairness to members of the amount of LV's planned cash payment to them in order to compensate them for loss of mutual membership, upon completion of the transaction.'

- With regard to the IE, as noted in my cover letter, the PRA's role differs depending on whether the appointment of the IE is in relation to a Part VII transfer of business or scheme of arrangement. In the case of a Part VII transfer the PRA is responsible under the Act for approving both the choice of IE and the form of the IE's report. The PRA's Statement of Policy⁹ on insurance business transfers sets out what we expect in order to give these approvals, including that the IE is sufficiently independent and that they have considered the effects of the transfer on different groups of policyholders within their reports. To note, the PRA's approval of an IE report is not an approval of the opinions or conclusions expressed in the report but rather represents that we consider the scope of the report and the manner in which it is conducted by the IE to be fit for the purpose of informing the court (and policyholders). Separately, given our statutory role in the context of a Part VII transfer we also undertake our own view on whether to object to the Part VII transfer in light of our objectives.
- In the case of a scheme of arrangement the PRA does not have a prescribed statutory role, and does not approve an expertise (if there is one) nor their report, but will assess the scheme and take action if necessary to further the PRA's objectives. Our supervisory statement on schemes of arrangement¹⁰ explains our approach further.

Economic Impact of Demutualisation

9. *We note that the PRA has not conducted any reviews of the economic impact of past demutualisations. Is this not a major oversight, given the role that demutualised financial former mutuals played in the financial crisis of 2008 and the contrast with the behaviour of remaining mutuals?*
- As far as deposit-taking institutions are concerned, there have been numerous reviews of the shape of the banking system following the financial crisis, including the Independent Commission on Banking (ICB) review that led to the ring-fencing regime, a key area of UK banking sector reform.
 - Between 1989 and 2000, ten mutual deposit-takers demutualised. Many of these firms ran into trouble pursuing increased returns in activities beyond their traditional competence, such as commercial lending. The change in ownership may have prompted some firms to pursue vulnerable business models, but many other banks that had not demutualised also faced serious problems during the global financial crisis.
 - Since the crisis, the Bank of England has been building a safer system bolstered by two important institutional innovations. First, it has been given responsibility for the supervision of individual banks, building societies and insurers. Second is the creation of an authority in the Bank with new powers – the Financial Policy Committee – tasked by Parliament to monitor risks in the financial system that could cause problems for the wider economy. In March the FPC stated that the UK banking system has the capacity to continue to support UK households and businesses, even if economic outcomes are considerably worse than expected, which reflects the build-up of substantial buffers of capital since the global financial crisis.
 - Another major challenge in the crisis was the lack of reliable resolution options for deposit takers. As a result, our focus post crisis has been on resolvability for deposit-takers and managing the 'impact' risk through our supervision. The UK now has a comprehensive and effective bank and building society resolution regime. This gives the Bank of England a wide toolkit to ensure that if a bank or building society fails, the shareholders and creditors of the failed firm bear its losses, and that the taxpayer is not

⁹ <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/the-pras-approach-to-insurance-business-transfers>

¹⁰ SS 3/14; see footnote 3 above.

called upon to bear the costs. Our focus has been on continuing to assess the likely impact to financial stability as opposed to the individual economic impact, given our objectives.

- In the insurance sector, for life insurers, the challenges of with-profits business has been a significant factor, as has the role of guaranteed annuity rates. Sadly, the most notable life insurer issues were faced by Equitable Life, a mutual, which once in distress tried to demutualise and find a purchaser but none was forthcoming. Over the same period the appetite amongst the members' of mutual insurers for demutualisation increased as a result of market pressures and the need for investment, and notably consolidation in the market has since led to creation of some of the biggest and most successful insurers.
 - Ultimately, the ownership structure of a firm is not the sole differentiator of success or failure of its business model, something that we, along with many others, would argue could be more directly attributable to a firm's management and governance,¹¹ amongst a number of factors. In the UK laws have been developed since the financial crisis to make senior management in banks and insurers more accountable, and remuneration rules better align incentives and rewards to discourage excessive risk-taking and misconduct.
10. *What assessment has the PRA made of the impact on consumers of this major business dropping its mutual customer focus and instead having an investor driven business purpose?*
- As previously explained, the PRA is assessing the transaction in line with its remit and with consideration of the impact and risks to its objectives. This includes analysis of the firms' business plan and consideration of how the transaction will affect the firm's financial and non-financial resources to ensure the transaction does not pose risks to our objectives.
 - Our remit has limited overlap with the direct impact of demutualisation on consumers, but we do not necessarily see investor driven businesses as being less customer focused. Our assessment of the transaction will take into account any implications of demutualisation on the safety and soundness of the firm, or on the security of policyholder benefits, but any wider implications would be outside the PRA's remit (noting the FCA's more direct remit in relation to fairness to customers).

Reform of Mutuals Legislation

11. *The PRA was a supporter of legislation for mutual insurers to raise external capital without demutualising (Mutuals Deferred Shares ACT 2015). This legislation has not been enacted because of the way HMRC views distributions from mutual (effectively making their whole mutual activity taxable). Since then, a similar Mutual Capital Instrument has been successfully devised in Australia, with no such taxation issues. Will the PRA to engage with HM Treasury to try and make Mutuals Deferred Shares work here?*
- As noted in Charlotte's letter on 25 March 2021, the PRA has previously engaged widely on the matter with stakeholders, including a range of mutual insurers, the Association of British Insurers (ABI), The Association of Financial Mutuals (AFM), FCA and HM Treasury.
 - The PRA was and remains willing to work with firms and other stakeholders on any workable solutions, noting that the PRA's priority is that any solution does not impair the ability for MDS to meet the criteria for eligible regulatory capital and thus deliver loss-absorbing capacity to protect policyholders whilst the mutual is a going concern.
 - As noted, one instance of this was in relation to the work on Project Chrysalis which sought to find workable options for firms with with-profits policyholders that had limited options available to them (as covered in our response to Question 4) when new with-profits business started to decline.
 - o In response, work was commenced by the Financial Services Authority (the predecessor organisation of the PRA and FCA) in response to concerns raised by mutuals that, faced with the prospect of a substantial decline in new with-profits business, there was no clear ability for a mutual to set aside a part of its common fund in order to finance the writing of new non-profit business. This work, led by the FCA, culminated in the PRA and FCA publishing guidance

¹¹ https://www.knf.gov.pl/knf/pl/komponenty/img/Prudential_supervision_of_insurance_undertakings_18431.pdf

(SS1/14¹² and PS14/5¹³ respectively) on the means by which a mutual could seek to achieve this subdivision of the common fund, so as to continue writing non-profit business and continue in business beyond the life of the with-profits fund.

12. *What steps have the PRA taken to assess whether the 1992 Friendly Society Act is fit for purpose?*

- HM Treasury is the department responsible for the 1992 Act and it would fall to it to re-consider whether it is fit for purpose. In doing so it would no doubt seek advice where appropriate from interested stakeholders such as societies, the PRA and the FCA as the registrar of societies.
- HMT took the decision to give the PRA the power to decide on the conversion under the Friendly Societies Act when the PRA took over the FSA's responsibilities for prudential regulation, despite the fact the criteria for approving such conversions centres largely on the fairness of policyholder communications (which usually falls within FCA remit).
- Noting this and in view of the Complaints Commissioner recent questioning of whether the current law provides a wide enough scope for the PRA's review of the material that is provided to members on a conversion, we have been in proactive contact with HMT, noting that we would be happy to engage as needed.

¹² <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2015/ss114-update.pdf?la=en&hash=A6E019173A562AB39C06C5B13A61F06C55EBFCBB>

¹³ <https://www.fca.org.uk/publication/policy/ps14-05.pdf>

ANNEX 2 – Dates meetings have been held with LV since June 2020 and end of April 2021 that involved a board member and discussed some element of the transaction

1. 09/06/2020
2. 15/06/2020
3. 22/06/2020
4. 24/06/2020
5. 09/07/2020
6. 31/07/2020
7. 18/08/2020
8. 26/08/2020
9. 02/09/2020
10. 14/09/2020
11. 17/09/2020
12. 30/09/2020
13. 08/10/2020
14. 19/10/2020
15. 02/11/2020
16. 06/11/2020
17. 10/11/2020
18. 18/11/2020
19. 26/11/2020
20. 27/11/2020
21. 01/12/2020
22. 11/12/2020
23. 16/12/2020
24. 17/12/2020
25. 15/01/2021
26. 25/01/2021
27. 12/02/2021
28. 16/02/2021
29. 02/03/2021
30. 17/03/2021
31. 18/03/2021
32. 07/04/2021
33. 12/04/2021
34. 14/04/2021
35. 21/04/2021
36. 22/04/2021