

# Changes to the Risk Transformation Regulations

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**The government has published a consultation to support new risk transfer solutions in the insurance industry.**

## **Detail of outcome**

This document sets out the government's planned reforms to the risk transformation and captive insurance markets. These include:

- Introducing more flexible funding requirements and authorisation processes for transformer vehicles.
- Enabling cells in a protected cell company to take on multiple risks from multiple persons.
- Enabling protected cell companies to be established to effect and carry out contracts of insurance and operate within the captive insurance framework.

## **Changes to the Risk Transformation Regulations consultation**

The Risk Transformation Regulations cover the issuance of insurance linked securities and the use of protected cell companies.

Insurance linked securities are an increasingly important risk transfer solution, allowing insurance risks to be transferred into capital markets. The consultation proposes new flexibilities to promote innovation and facilitate a wider range of transaction structures. The Government wants to understand the impact these reforms might have in growing the capacity of the UK insurance industry.

Protected cell companies are an alternative company structure that mean operators can quickly establish segregated pools of capital to undertake regulated activity on behalf of different investors. The consultation proposes broadening the use of protected cell companies to cover insurance undertakings. The Government wants to know if this will support its ambition to develop a captive insurance market in the UK.

<https://www.gov.uk/government/publications/changes-to-the-risk-transformation-regulations>