# Policyholder protection for Prudential International Assurance customers

**Prudential International Assurance (PIA) benefits from the financial and investment strength provided by the M&G Group and provides financial solutions to policyholders who want to combine the benefits of investment in an international environment, with the reassurance of a name they can trust.**

Prudential International is part of one of the UK's oldest and largest financial services groups, having been in existence and provided products to UK customers since 1848. Prudential International is owned 100% by Prudential Assurance Company (PAC) which in turn is owned by M&G Plc. PAC and M&G have over £367bn of assets under management and administration (as at 31 December 2020) and both have investment grade financial strength ratings from each of the main ratings agencies.

| Prudential Assurance co. Ltd | |
|---|---|
| Standard & Poors | A- (Stable) |
| Moody's | Aa3 (Stable) |
| Fitch | AA- (Stable) |

Source S&P, Moody's & Finch websites as at 8 June 2020.

The following answers the questions you may have on policyholder protection for Prudential International policyholders.

## What measures are in place to protect policyholders' investments?

There are several layers of protection in place to protect policyholders. In particular, there are safeguards in place to help ensure that life insurance companies do not fail, thereby protecting policyholders.

As Prudential International are based in Dublin they are bound by both EU and Irish regulations designed to ensure Prudential International remains financially strong and hold sufficient assets to meet policyholder liabilities.

## What EU regulations are in place to protect policyholders' investments?

Solvency II came into effect on 1 January 2016 and introduced a new legislative regime designed to harmonise capital requirements across all 27 member states.

Amongst other things, Solvency II regulations require insurance companies to hold sufficient capital and to manage that capital in such a way that they can continue to meet policyholder liabilities.

This is known as the Solvency Capital Requirement (SCR). As at the end of December 2020, Prudential International's solvency capital ratio was 134%* which means that it held 134% of the actual capital requirement as laid down by the Solvency II regulation.

Although these rules do not provide the same sort of protection as FSCS, they are intended to limit the need for policyholders to seek compensation from a scheme similar to the FSCS.

More information on solvency.

* https://www.prudential-international.com/pdf/sfcr-31-12-2020.pdf

continued overleaf

## What Irish regulations are in place to protect policyholders' investments?

Prudential International is regulated by the Central Bank of Ireland (Central Bank). Their regulations require that all policyholders funds are segregated from that of the company.

Additionally, at all times, the Central Bank require Prudential International to hold capital in excess of the assets it holds to meet its policyholder liabilities.

Prudential International is well regulated in accordance with Irish and EU law, and must follow rules set at an EU level about the amount of capital it is required to hold to support its insurance business. Prudential International is also well capitalised which means that it is unlikely that it will become unable to meet its claims.

## What if I'm invested in the PruFund range of funds?

All Prudential International customers who hold any of the PruFund range of funds are invested with Prudential Assurance Company (PAC) in the UK . They are effectively an external fund manager. PAC are a financially strong company, with similarly robust solvency requirements, and who have been in business for over 170 years. The money held by PAC is wholly policyholder assets.

## What happens if Prudential International goes into liquidation?

Whilst there is no statutory compensation scheme in Ireland, in the unlikely event that Prudential International was to go into liquidation, under Irish law policyholders' insurance claims take precedence over any other creditor to whom money is owed. The only liability that outranks policyholder claims are those costs of winding up the company i.e. liquidator's expenses. These expenses would be paid from any remaining Prudential International assets before being taken from policyholder assets.

Please contact your usual Prudential Account Manager to find out more about Prudential International products and how they could be a suitable option for your clients.

PRUDENTIAL INTERNATIONAL

**www.pruadviser.co.uk**

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