

# CLIENT CASE STUDY

<b>Insurance</b> Sector	<b>24 weeks</b> Engagement Duration	<b>PRA SS1/21</b> Primary Obligation	<b>Retainer</b> Ongoing relationship
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## From Scrutiny Notice to Regulator-Ready: Building Board-Grade Operational Resilience Evidence for a Mid-Tier UK Insurer

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### INSURANCE SECTOR

## CLIENT SITUATION

The client is a London-based general insurer with approximately 350 staff, writing specialist commercial lines through Lloyd's and a retail book distributed via a broker and delegated authority network. Dual-regulated by the PRA and FCA, the firm had completed its foundational operational resilience programme ahead of the March 2022 implementation deadline. Important Business Services had been identified, impact tolerances set, and a self-assessment submitted to the board for approval.

In late 2024, the firm received notification of an upcoming PRA supervisory engagement with a specific focus on operational resilience. The supervisor's advance letter referenced SS1/21 explicitly and asked the firm to demonstrate: how IBS mapping was maintained following material change events; the outcomes of its most recent scenario testing cycle; and how the board had been kept informed of the firm's current resilience position.

The SMF24 — the Chief Operations Officer — initiated an internal review. That review surfaced a material problem. The programme had been well-built for the March 2022 deadline and managed at low intensity since. The IBS mapping had not been updated following an organisational restructure in 2023. No scenario testing had been conducted since a single exercise in early 2023. The self-assessment reflected the firm's position at that time. The board had received programme status updates but had not been presented with scenario testing outcomes, vulnerability findings, or a current impact tolerance position statement.

### **The Regulatory Pressure Point**

*The firm had a framework. It did not have evidence. PRA SS1/21 paragraph 4.16 is explicit: maintaining operational resilience is a dynamic activity from the March 2025 deadline onwards. A framework built in 2022 and maintained at low intensity is not what a supervisor means when they ask to see how the firm demonstrates it remains within its impact tolerances.*

## Operational Resilience Challenge

The firm faced a specific and time-pressured problem: a PRA supervisory engagement ten weeks out, with evidence that had not been refreshed in over eighteen months and mapping that no longer reflected its operating environment. Three structural gaps needed to be closed.

### Gap 1 — Mapping currency

The IBS mapping had been built on the firm's pre-2023 operating model. A delegated authority business integrated during 2023 had introduced new people, processes, technology systems and third-party relationships not mapped to any Important Business Service. Two IBS — underwriting and claims handling — had material dependencies on systems and suppliers that had changed since the original mapping. The mapping on file described a firm that no longer existed in that form.

### Gap 2 — Scenario testing evidence

The firm had completed one scenario exercise in early 2023, covering a technology outage affecting the policy administration system. No findings report had been produced. No remediation had been formally tracked. The self-assessment referenced testing as having been undertaken but contained no account of findings, lessons learned, or remediation status — falling short of the specific requirements of SS1/21 chapter 8. No testing had been conducted in the two years since.

### Gap 3 — Board reporting

The board had approved the self-assessment in early 2024 and received no subsequent resilience MI beyond a brief programme status note. There was no management information showing current tolerance status per IBS, no record of the board having challenged management on identified vulnerabilities, and no evidence of investment decisions linked to resilience findings. The governance trail a PRA supervisor expects to find was absent.

**The firm had completed the implementation programme. What it had not done was build the ongoing evidence cycle that implementation was always meant to begin, not conclude.**

## Approach Taken

FourthLine mobilised a two-person senior delivery team within five days of engagement. The programme ran across four sequential phases, each with defined outputs approved before the next commenced. The SMF24 and Head of Operational Resilience participated as working members of each phase, not recipients of a consulting output.

### Phase 1 — Current State Assessment and Gap Analysis (Weeks 1–2)

FourthLine conducted a structured review of all existing operational resilience artefacts against the PRA SS1/21 and FCA SYSC 15A evidencing standard — reviewing the self-assessment, IBS mapping, 2023 scenario testing record, and board reporting pack line by line. The output was a prioritised gap register with a clear remediation sequence, approved by the SMF24 before Phase 2 commenced.

### Phase 2 — IBS Mapping Refresh and Vulnerability Assessment (Weeks 3–5)

FourthLine facilitated structured workshops with service owners, technology SMEs and the supplier relationship team to update the IBS mapping across all four Important Business Services. The integrated delegated authority business was mapped in full, identifying eleven new technology dependencies and three material outsourcing arrangements not previously captured. A threats and vulnerabilities assessment was then conducted across all five resilience pillars — producing a ranked vulnerability register that informed scenario design and the updated self-assessment.

### Phase 3 — Scenario Testing Programme (Weeks 5–8)

Two scenario testing exercises were designed and executed. Exercise one tested the firm’s ability to maintain underwriting and renewal processing within its four-hour impact tolerance during a cyber-driven outage of the policy administration system. Exercise two tested claims handling continuity under a stressed exit scenario, with the primary claims processing supplier entering administration with 48 hours’ notice.

Both exercises involved the SMF24, Operations Director, IT Director, Head of Claims and supplier relationship leads. FourthLine designed scenario scripts, facilitated both exercises, and produced written findings reports. Seven vulnerabilities were identified. Three required immediate remediation before the PRA engagement and were resolved within the programme timeline. Four were captured in the ongoing remediation log.

### Phase 4 — Self-Assessment Refresh and Board Reporting Pack (Weeks 8–10)

The written self-assessment was fully redrafted to reflect current mapping, validated impact tolerances, scenario testing outcomes and remediation status. FourthLine built a board reporting pack structured around position reporting rather than programme activity updates — presenting the firm’s current tolerance position per IBS, scenario findings, immediate remediation completed, and longer-horizon vulnerabilities agreed in the register. The board approved both documents at a dedicated operational resilience session eight days before the PRA engagement.

## Key Outputs

01	Current State Gap Register	Prioritised assessment of all evidence gaps against SS1/21 and SYSC 15A requirements, with remediation sequence and owner assignment.
02	Refreshed IBS Mapping	Updated mapping across all four IBS incorporating the integrated delegated authority business, eleven new technology dependencies, and three previously unregistered material outsourcing arrangements.
03	Threats and Vulnerabilities Register	Ranked assessment across people, process, technology, facilities and third-party pillars. Eleven vulnerabilities identified and prioritised by impact tolerance risk.
04	Scenario Test Report: Technology Outage	Full exercise report for policy administration system failure. Findings, tolerance position, three immediate remediation actions with owners and completion dates.
05	Scenario Test Report: Supplier Exit	Full exercise report for claims processor administration scenario. Exit feasibility assessed against SS2/21. Two contractual gaps identified and escalated to legal and procurement.
06	Refreshed Self-Assessment	Fully redrafted to SS1/21 chapter 8 standard. Honest account of vulnerabilities, testing undertaken, lessons learned, and remediation status. Board-approved prior to PRA engagement.
07	Board Operational Resilience MI Pack	Position-based reporting showing current tolerance status per IBS, scenario outcomes, remediation tracker and investment recommendations. Approved at dedicated board session.

## Outcome for the Client

### Board Confidence

The board approved a self-assessment and MI pack that gave them a genuine, evidence-based view of the firm's resilience position for the first time. The SMF24 could demonstrate active governance oversight with a traceable decision trail.

### Regulator Readiness

The PRA supervisory engagement concluded without material findings. The supervisor noted the quality of updated mapping and the substance of scenario testing evidence as indicators of a programme taken seriously at senior management level.

### Validated Recovery Capability

Two scenario exercises produced genuine findings rather than confirmatory results. Three critical vulnerabilities were remediated within the programme. The firm now holds tested evidence of its ability to remain within impact tolerances.

Beyond the immediate supervisory engagement, the programme produced a structural improvement the firm had not previously had: a self-assessment and board reporting framework built to a standard that can be refreshed annually, rather than rebuilt reactively each time supervisory pressure materialises.

The SMF24 described the most significant change as the shift in how the board engaged with operational resilience. With position-based MI rather than activity updates, the board began asking substantively different questions — about specific vulnerability timelines, supplier exit readiness, and the investment case for outstanding remediation. That governance dynamic is precisely what SS1/21 is designed to produce, and what a PRA supervisor looks for as evidence that senior management accountability is functioning.

### ENGAGEMENT OUTCOME

FourthLine was retained on an Annual Resilience Retainer following programme completion — providing ongoing scenario testing cycle management, self-assessment refresh, and board MI support. The firm has a permanent resilience partner managing the annual evidence cycle at a fraction of the cost of a reactive programme rebuild.

### About FourthLine

FourthLine is a specialist operational resilience and regulatory risk consulting firm. We serve mid-tier UK financial services firms regulated by the FCA and PRA, delivering board-ready, regulator-facing resilience evidence faster, more expertly, and at a fraction of Big Four cost. Our clients include insurers, banks, investment managers, building societies and payments firms.

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