

Levy breakdown – PRA classes

General Insurance Provision

2023/24 forecast fund balances	November's Outlook forecast (£m)	Latest levy update (£m)	Variance (£m)
Opening balance	14.4	72.4	58.0
Compensation	(240.2)	(183.7)	56.5
Recoveries	1.8	11.8	10.0
Management expenses	(7.2)	(7.6)	(0.4)
Annual levy receipts	232.0	114.0	(118.0)
Total closing surplus/(deficit) Please note that the 'Annual levy receipts' excludes provider contributions.	0.8	6.9	6.1
Total levies The 'Total levies' includes provider contributions to other classes. Please note, the 'Total levies' is not the sum of each column. This row shows the November forecast in comparison to the latest levy update.	233.7	114.0	(119.7)

The levy for this class has decreased from £234m, since our indicative levy forecast, to £114m. The main reasons include:

- The compensation costs for 2022/23 were £43m lower than expected, resulting in higher surpluses to carry forward to 2023/24. This was because:
 - several large loss claims (where a claim is more than £500K) expected in 2022/23 moved into 2023/24 due to the complex nature of these claims. Some other large loss claims between insurers and customers were negotiated and settled at a lower value than originally anticipated; and
 - there were lower compensation costs for Prometheus Insurance Company Ltd as the expected transition from administration to liquidation was delayed and did not occur until March 2023.

- Recoveries received in 2022/23 were £8m higher than expected. A large part of this was in relation to the liquidation of Prometheus Insurance Company Ltd.
- The compensation costs for 2023/24 are now expected to be £56m lower than forecast in November's *Outlook*. This decrease mainly relates to a £22m reduction for Prometheus Insurance Company Ltd and an £11m reduction for East West Insurance Company Ltd as estimated pay-outs have been revised.

We are not expecting any new firm failures in this class and compensation costs expected relate to legacy failures. The expected compensation costs for 2023/24 are £184m which is similar to the compensation paid out in 2022/23 (£188m).