

This is a draft instrument to accompany CP2/24– Solvency II and Non-Solvency II Firms – preparations for solvent exit

PRA RULEBOOK: SOLVENCY II FIRMS AND NON-SOLVENCY II FIRMS: PREPARATIONS FOR SOLVENT EXIT INSTRUMENT 202[]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); and
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: Solvency II Firms and Non-Solvency II Firms: Preparations for Solvent Exit Instrument 202[]

- C. The PRA makes the rules in the Annex to this instrument.

Commencement

- D. This instrument comes into force on [dd/mm/yy].

Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms and Non-Solvency II Firms: Preparations for Solvent Exit Instrument 202[].

By order of the Prudential Regulation Committee

[DATE]

Draft for consultation

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Annex

Preparations for Solvent Exit Part

In this Annex, the text is all new and is not underlined.

Part

PREPARATIONS FOR SOLVENT EXIT

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. PREPARATIONS FOR SOLVENT EXIT**

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1 APPLICATION AND DEFINITIONS

1.1 Subject to 1.2, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) a *non-directive insurer*;
- (3) in accordance with Insurance General Application 3, the *Society*; and
- (4) in accordance with Insurance General Application 3, *managing agents*.

1.2 *Passive run-off firms* are excluded from 1.1.

1.3 In this Part, the following definitions shall apply:

passive run-off firm

means a *firm*:

- (1) which has ceased *effecting contracts of insurance*;
- (2) whose *Part 4A permission for effecting contracts of insurance* has been cancelled; and
- (3) which is not a *run-off acquirer*.

run-off acquirer

means a *firm* which acquires and carries out *contracts of insurance* in run-off.

solvent exit

means the process through which a *firm* ceases its *insurance business* while remaining solvent.

solvent exit analysis

means a document setting out a *firm's* preparations for *solvent exit*.

2 PREPARATIONS FOR SOLVENT EXIT

2.1 A *firm* must:

- (1) prepare for *solvent exit* so that, if the need arises, it can effect a *solvent exit* in an orderly manner;
- (2) produce a *solvent exit analysis* and update it whenever a material change has taken place that may affect its preparations for a *solvent exit*, and at least once every three years;
- (3) where it is a *UK Solvency II firm* which is part of a *group*, take into account in its *solvent exit analysis* the implications of, and any risk arising from, being part of the *group*; and
- (4) be able to provide to the *PRA* on request the current version of its *solvent exit analysis*.