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News release

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Prudential Regulation Authority provides feedback on Solvency II matching adjustment pre-application process

The Prudential Regulation Authority (PRA) has now concluded the pre-application process for the Solvency II matching adjustment and is today providing feedback to help firms with their formal applications.

The matching adjustment is an adjustment to the risk-free interest rate term structure used to calculate the best estimate of a portfolio of eligible insurance obligations under Solvency II. Its use is subject to prior supervisory approval where certain eligibility criteria are met.

The feedback will be particularly important to UK insurers intending to apply to the PRA for approval to use the matching adjustment, as it highlights matters to be addressed in formal applications and further details how the eligibility criteria should be applied.

As insurers are significant institutional investors, some of this feedback may have relevance for the wider market - for example, details of certain asset features that may or may not be eligible for inclusion in a matching adjustment portfolio.

This feedback follows on from three previous PRA communications regarding the matching adjustment issued on 15 October 2014, 20 February 2015 and 9 March 2015.

The application process for matching adjustment approvals opens on 1 April 2015.

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Notes to Editors

1. 28 March 2015: [PRA letter on Solvency II matching adjustment](#)
2. 9 March 2015: [PRA letter on Solvency II: internal model and matching adjustment update](#)
3. 20 February 2015: [PRA letter on equity release](#)
4. 15 October 2014: [PRA letter on Solvency II: matching adjustment](#)