

Bank of England

Prudential Regulation Authority

Transitional measures – technical provisions, including applications for recalculation

Pursuant to Regulation 54 of HM Treasury's Solvency 2 Regulations 2015 (2015/575), a firm may apply to the PRA for permission to apply a transitional deduction to its technical provisions or to such of its technical provisions as are contained within an homogenous risk group.

Firms wishing to apply for this approval should refer to the notes and complete the [Solvency II approval application form](#), together with the supplementary information below.

[Notes for completion of application material for transitional measure on technical provisions](#)

[Supplementary information for applications to apply for the transitional measure on technical provisions](#)

[Transitionals template](#)

[Solvency 2 Regulations 2015 \(2015/575\)](#)

Recalculation

Pursuant to Regulation 54 of HM Treasury's Solvency 2 Regulations 2015 (2015/575), a firm that has already been given permission to apply a transitional deduction to its technical provisions or to such of its technical provisions may apply to the PRA for permission to recalculate the amount of technical provisions (and any matching adjustment or volatility adjustment to those technical provisions), at periods of 24 months or more.

In accordance with condition 4 in Table 3, a firm may also apply for a recalculation if the risk profile of the undertaking has changed materially.

Firms wishing to apply for approval to recalculate their technical provisions should refer to:

[Supervisory Statement 6/16 'Recalculation of the 'transitional measure on technical provisions' under Solvency II'](#).

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Firms should also discuss the detailed content of any such application with their supervisors prior to completing and submitting their application.

The application should consist of the Solvency II approval application form together with at least the following:

- An internal document setting out thresholds and triggers for any material change in risk profile – this should reflect a firm's own risk profile and not solely look at external factors.
- An explanation as to why the firm believes there has been a material change in its risk profile, or will be a material change in the risk profile in the event of a future transaction that is reasonably likely to happen.
- A copy of the firm's policy for the recalculation of the transitional measure.
- An agreement from the board that it is content for the application to proceed.

May 2016