

Bank of England

Prudential Regulation Authority

DIRECTION

To: [Firm name] [FRN] ("the firm")

Of: [insert firm address]

Ref: [number provided by PRA Authorisations team]

Date: [insert issue date]

PRA Rulebook version as in force on 31 December 2024

Powers

1. This direction is given by the *PRA* under section 138A of *FSMA*.
 - a. Section 138A(1) of *FSMA* provides that the *PRA* may, with the consent of a person who is subject to rules made by the *PRA*, direct that all or any of those rules are to apply to that person with such modifications as may be specified in the direction issued by the *PRA*.
 - b. Section 138A(7)(b) of *FSMA* provides that the *PRA* may vary a direction given by it under section 138A of *FSMA* with the consent of the person to whom it relates. The *PRA* has decided to vary the direction [REFERENCE]¹ as set out in this direction.

Duration

2. This direction takes effect on 31 December 2024.
3. This direction ceases to have effect on the earlier of:
 - a) at the end of 30 June 2029; or
 - b) if any part of the rules listed in paragraph 4 of this direction are revoked or cease to apply to the firm (other than by virtue of this direction).

Rules Modified

¹ In cases where this direction supersedes an existing direction, the reference number of the superseded direction will be inserted here in the direction as issued; otherwise this sentence will be deleted from the direction as issued.

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4. The *PRA* directs that the rules listed below apply to the firm with the modifications shown (new text underlined, deleted text is struck through).

Rule	Modification
Glossary – <u>location of the risk</u>	<p>THIS DEFINITION ONLY APPLIES TO THE THIRD COUNTRY BRANCHES PART, THE REPORTING PART AND THE DEFINITION IN THE GLOSSARY OF BRANCH BEST ESTIMATE</p> <p>means any of the following:</p> <ul style="list-style-type: none">(a) <u>the country/state in which the property is situated, where the insurance relates either to buildings or to buildings and their contents, in so far as the contents are covered by the same insurance policy;</u>(b) <u>the country/state of registration, where the insurance relates to vehicles of any type;</u>(c) <u>the country/state where the policyholder took out the policy in the case of policies of a duration of four months or less covering travel or holiday risks, whatever the class concerned;</u>(d) <u>in all cases not explicitly covered by points (a), (b) or (c), the country/state:</u><ul style="list-style-type: none">(i) <u>where the policyholder is an individual, the country/state where the policyholder has their habitual residence at the date when the contract of insurance commenced; or</u>(ii) <u>if the policyholder is a legal person, the country/state where that policyholder's establishment to which the contract of insurance relates is as at the date when the contract of insurance commenced; or</u>(iii) <u>if the policyholder is a trustee,</u><ul style="list-style-type: none">i. <u>and the trustee is an individual, where the trustee has their habitual residence at the date when the contract of insurance commenced;</u>ii. <u>and the trustee is not an individual, where the establishment to which the risk relates is situated at the date when the contract of insurance commenced; or</u>(iv) <u>where there are two or more policyholders, so long as the location of the risk for one policyholder under (i) – (iii) is the UK, that shall be where the risk is located.</u>
Glossary - <u>establishment</u>	<p>THIS DEFINITION ONLY APPLIES TO THE DEFINITION IN THE GLOSSARY OF LOCATION OF THE RISK</p> <p>means, in relation to an undertaking, its head office or any of its branches</p>

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Glossary – <u>habitual residence</u>	<p>THIS DEFINITION ONLY APPLIES TO THE DEFINITION IN THE GLOSSARY OF LOCATION OF THE RISK</p> <p>means:</p> <p>(1) the address given by the individual as their residence if it reasonably appears to be a residential address and there is no evidence to the contrary; or</p> <p>(2) in respect of the variation of a life policy, or the purchase of a pension annuity related to a life policy, unless there is evidence to the contrary, the habitual residence of the policyholder at the date on which the policyholder signed the proposal for the life policy.</p>						
Glossary - branch best estimate	means the best estimate of future cashflows of the insurance and reinsurance obligations assumed by a third country branch undertaking in the UK , calculated in accordance with Third Country Branches 6.1A and 6.1D, <u>insofar as the location of the risk is in the UK.</u>						
Third Country Branches - Provisions for Insurance and Reinsurance Obligations	6.1 A third country branch undertaking must establish adequate provisions to cover the insurance and reinsurance obligations assumed by the third country branch undertaking in the UK , calculated in accordance with 6.1A to 6.1E, <u>insofar as the location of the risk is in the UK.</u>						
Solvency II UK firms - Reporting 2.2(1)	<p>The information referred to in 2.1 must:</p> <p>(1) be submitted in the applicable format or template (if any) provided in the Reporting Part, and</p> <p><u>As regards the quantitative templates, where the operations effected by the third country branch related solely to risks where the location of the risk is not in the UK, only the following annual quantitative templates (as described in Chapter 2A) must be submitted:</u></p> <table><tr><td><u>Annual reporting</u></td></tr><tr><td><u>IR.01.01.07 – Content of the submission</u></td></tr><tr><td><u>IR.01.02.07 – Basic Information – General</u></td></tr><tr><td><u>IR.01.03.01 – Basic information on ring fenced funds and matching portfolios:</u></td></tr><tr><td><u>IR.05.02.01 – Premiums, claims and expenses by country</u></td></tr><tr><td><u>IR.01.04.07 - Basic information - branch legal entity</u></td></tr></table> <p>and</p>	<u>Annual reporting</u>	<u>IR.01.01.07 – Content of the submission</u>	<u>IR.01.02.07 – Basic Information – General</u>	<u>IR.01.03.01 – Basic information on ring fenced funds and matching portfolios:</u>	<u>IR.05.02.01 – Premiums, claims and expenses by country</u>	<u>IR.01.04.07 - Basic information - branch legal entity</u>
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	...
Solvency II UK firms - Reporting 2.5A	2.5A As part of the information referred to in 2.1, a <i>firm</i> is required to submit to the <i>PRA</i> on a regular basis: ... (3) annual, semi-annual and quarterly quantitative templates in accordance with <u>2.2(1)</u> and Chapters 2A and 7.
Solvency II UK firms Reporting Chapter 2A	<u>Article 1: APPLICATION</u> ... 3. <u>Subject to 2.2(1)</u> , Articles 37 to 50 of this Chapter (<u>where applicable</u>) apply to <i>third country branch undertakings</i> (other than <i>Swiss general insurers</i>). ...

Interpretation

- Interpretative provisions (including definitions) of the *PRA Rulebook* apply to this direction in the same way they apply to the *PRA Rulebook*.

Mariam Harfush-Pardo
Head of Insurance Supervision
Prudential Regulation Authority