

PRA RULEBOOK: SOLVENCY II REFORM INSTRUMENT 2023

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);
 - (2) section 137T (General supplementary powers);
 - (3) section 192J (Rules requiring the provision of information by parent undertakings); and
 - (4) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: Solvency II Reform Instrument 2023

- D. The PRA makes the rules in the Annexes to this instrument.

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Commencement

E. This instrument comes into force on [DATE].

Citation

F. This instrument may be cited as the PRA Rulebook: Solvency II Reform Instrument 2023.

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Glossary Part

In this Annex new text is underlined and deleted text is struck through

ancillary services undertaking

means

- (1) an *undertaking*, the principal activity of which consists of owning or managing property, managing data-processing services, or a similar activity which is ancillary to the principal activity of one or more *credit institutions*, *investment firms* or *insurers*;
- (2) in the Solvency II Firms Sector, except in the Financial Conglomerates Part, a *non-regulated undertaking*, the principal activity of which consists of owning or managing property, managing data-processing services, health and care services or any other similar activity which is ancillary to the principal activity of one or more *insurers*.

...

~~annual quantitative reporting template~~

~~means an annual reporting template set out in the Reporting Part or any relevant Solvency II Regulations.¹~~

...

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 6.1C.

...

capital add-on

means the amount by which the *SCR* of a *UK Solvency II firm*, or the *group SCR* of a *group* (as appropriate), is increased by the *PRA* as a result of a *standard formula significant risk profile deviation*, *internal model significant risk profile deviation*, *internal model residual deviation*, *significant system of governance deviation*, *significant deviation from relevant assumptions* or (if appropriate) a specific risk existing at *group* level.

...

collective investment undertaking

means an *UCITS* or an *alternative investment fund*.

...

common management relationship

means:

- (1) (in the CRR firms and Non-CRR firms sectors of the ~~PRA~~PRA Rulebook) has the meaning given in Article 4(1) CRR;
- (2) (in the Solvency II firms and Non-Solvency II firms sectors of the ~~PRA~~PRA Rulebook) means a relationship between two or more undertakings which satisfies the following conditions: has the meaning given in regulation 2 of the Solvency 2 Regulations;

¹ The proposed addition to the Glossary of the defined term “annual quantitative reporting template” was consulted on in CP 14/22 ‘Review of Solvency II: Reporting phase 2’. The PRA no longer proposes adding this term to the Glossary. The text is struck through and highlighted in green to show that the previously proposed addition is no longer being proposed.

(a) the *undertakings* are not connected in the manner described in section 1162 of, and Schedule 7 to, the Companies Act 2006; and

(b) either:

(i) the *undertakings* are managed on a unified basis pursuant to a contract with one of them, or provisions in the *undertakings'* respective memoranda or articles of association; or

(ii) the *governing bodies* of those *undertakings* consist, for the major part, of the same persons in office during the financial year in respect of which it is being decided whether such a relationship exists; and

(3) (in the Financial Conglomerates Part of the ~~PRAPRA~~ Rulebook) has the meaning given in Article 4(1) CRR.

...

diversification effects

means the reduction in the risk exposure of *UK Solvency II firms* and (as appropriate) *groups* related to the diversification of their business, resulting from the fact that the adverse outcome from one risk can be offset by a more favourable outcome from another risk, where those risks are not fully correlated.

...

future discretionary benefits

means future benefits other than index-linked or unit-linked benefits of *contracts of insurance* or *reinsurance contracts* which have one of the following characteristics:

(1) they are legally or contractually based on one or more of the following results:

(a) the performance of a specified group of contracts or a specified type of contract or a single contract;

(b) the realised or unrealised investment return on a specified pool of assets held by an *insurance undertaking*;

(c) the profit or loss of the *insurance undertaking* or fund corresponding to the contract; or

(2) they are based on a declaration of the *insurance undertaking* and the timing or the amount of the benefits is at its full or partial discretion.

...

general insurance and reinsurance obligations

means insurance and *reinsurance* obligations falling within *lines of business* 1 to 28.

...

institutions for occupational retirement provision

means an *undertaking*, irrespective of its legal form, operating on a funded basis, established separately from any sponsoring *undertaking* or trade for the purpose of providing retirement benefits in the context of an occupational activity on the basis of an agreement or a contract agreed:

(1) individually or collectively between the employers and the *employees* or their respective representatives; or

(2) with self-employed *persons*, in compliance with *United Kingdom* legislation; and which carries out activities directly arising therefrom.

...

internal model approval

means:

- ~~(1) the approval granted to a firm by the PRA to use an internal model to calculate part (partial internal model) or all of its SCR;~~
- ~~(2) in relation to a UK Solvency II firm that is a member of a group, the approval granted to that firm by the PRA to use an internal model to calculate part (partial internal model) or all of its group SCR.~~

internal model change policy

means the policy for making minor and major changes to an internal model that is (or to be) covered by a firm's internal model permission.

internal model permission

means:

- (1) the permission granted to a firm by the PRA pursuant to section 138BA of FSMA for the purpose of using an internal model to calculate part (partial internal model) or all of its SCR and making changes to that internal model; and
- (2) in relation to a UK Solvency II firm that is a member of a group, the permission granted to that firm by the PRA pursuant to section 138BA of FSMA for the purpose of using an internal model to calculate part (partial internal model) or all of its group SCR and making changes to that internal model.

internal model permission application

means an application by a firm for internal model permission.

internal model requirements

means Solvency Capital Requirement – Internal Models 10 to 16A.

internal model residual deviation

means the determination by the PRA of a residual deviation in the risk profile of a UK Solvency II firm, or a group (as appropriate), from the assumptions underlying the SCR (or group SCR, as appropriate) in circumstances where the firm's SCR (or group SCR of the firm's group, as appropriate) is calculated using an internal model. For this purpose, assumptions include proposed assumptions in an internal model permission application.

...

intra-group transaction

- (1) means all transactions by which regulated entities within a financial conglomerate rely directly or indirectly on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment; or-
- (2) in the Reporting Part and in the Group Supervision Part means all transactions by which regulated entities within a group rely directly or indirectly on other undertakings within the same group or on any natural or legal person linked to

the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment.²

...

line of business

means a line of business as set out in [Annex I of Commission Delegated Regulation (Solvency II) 2015/35].³

...

long-term insurance and reinsurance obligations

means insurance and reinsurance obligations falling within lines of business 29 to 36.

...

major business unit

~~has the meaning given in Article 1(41) or (42) of the Solvency II Regulations, as appropriate.~~ means:

- (1) in relation to a firm, a defined segment of the firm that operates independently from other parts of the firm and has dedicated governance resources and procedures within the firm and which contains risks that are material in relation to the entire business of the firm; and
- (2) in relation to a group, a defined segment of the group that operates independently from other parts of the group and has dedicated governance resources and procedures within the group and which contains risks that are material in relation to the entire business of the group.

...

matching adjustment portfolio

means a relevant portfolio of insurance or reinsurance obligations and the relevant portfolio of assets.

...

MCR

means the minimum capital requirement (which is calibrated to the value-at-risk of a firm's basic own funds subject to a confidence level of 85% over a one-year period) calculated in accordance with the Minimum Capital Requirement Part of the PRA Rulebook.

...

model limitation adjustment

means, in respect of a firm or group where part or all of its SCR (or group SCR, as appropriate) is calculated using an internal model, a capital adjustment calibrated and applied in the internal model which contributes to the calculation of its SCR (or group SCR, as appropriate), and that is intended to ensure that it complies with Solvency Capital Requirement – General Provisions 3.3 and 3.4, whether directly or by application of Group Supervision 11.2.

...

² The amendments to the defined term “intra-group transaction” was consulted on in the draft “PRA Rulebook: SII Firms: Reporting and Disclosure Instrument 20xx” accompanying CP 14/22 ‘Review of Solvency II: Reporting phase 2’. The highlighted text is additional text that this instrument would insert into the proposed amendments to that defined term.

³ The proposed addition to the Glossary of the defined term “line of business” was consulted on in CP 14/22 ‘Review of Solvency II: Reporting phase 2’. The proposed definition set out here would supersede the proposed definition in CP 14/22, which the PRA does not propose to make in the final version of the rulebook instrument.

national specific template

means a template which a *firm* is required to complete pursuant to Reporting 2.6 and 2.8 and 2.8A.

...

non-regulated undertaking

means any undertaking other than a regulated entity.

non-regulated undertaking carrying out financial activities

means a non-regulated undertaking which carries on one or more of the activities referred to in [Annex I of the CRD], where those activities constitute a significant part of its overall activity.

...

notional general insurance MCR

means the notional minimum capital requirement calculated in accordance with Composites 4.2(2) and 4A.

notional general insurance SCR

means the notional solvency capital requirement for general insurance business, calculated in accordance with Composites 4C.3.

~~*notional life MCR*~~

~~means the notional minimum capital requirement calculated under Composites 4.2(1).~~

~~*notional life SCR*~~

~~means the notional solvency capital requirement for long-term insurance business, calculated in accordance with the Solvency II Regulations.~~

notional long-term insurance MCR

means the notional minimum capital requirement for long-term insurance business calculated in accordance with Composites 4.2(1) and 4B.

notional long-term insurance SCR

means the notional solvency capital requirement for long-term insurance business, calculated in accordance with Composites 4C.4.

~~*notional non-life MCR*~~

~~means the notional minimum capital requirement calculated under Composites 4.2(2).~~

~~*notional non-life SCR*~~

~~means the notional solvency capital requirement for general insurance business, calculated in accordance with the Solvency II Regulations.~~

...

partial internal model

means an *internal model* that is:

...

- (2) applied to the whole of a *firm's insurance business*, or only to one or more ~~of its~~ *major business units*.

[Note: Art. 112(2) of the *Solvency II Directive*]

...

phasing-in plan

means the phasing-in plan required to be submitted by a *firm* to the *PRA*:

- (1) in relation to a *firm* with approval to use the *risk-free interest rate transitional measure*, under Transitional Measures 12.1; and
- (2) in relation to a *firm* with *TMP Permission*, under Transitional Measure on Technical Provisions 7.1.

...

policyholder

either:

- (1) means, in respect of a ~~contract of insurance~~ *contract of insurance* where the ~~insurance undertaking~~ *insurance undertaking* is a *UK Solvency II firm* or a *third country branch undertaking*, a policyholder which includes a ~~beneficiary~~ *beneficiary*; or

...

regulated entity

means:

- (1) a *credit institution*;
- (2) a *Solvency II undertaking*, a *third country insurance undertaking*, a *third country reinsurance undertaking*;
- (3) an *investment firm*;
- (4) an *asset management company*; or
- (5) an *alternative investment fund manager*;

whether or not it is incorporated in, or has its head office in, the *UK*.

...

relevant portfolio of assets

means, in respect of a *relevant portfolio of insurance or reinsurance obligations*, the portfolio of assets, referred to in [regulation 42(4)(a) and (b) of the *Solvency 2 Regulations 2015*] which is assigned to cover the *best estimate* of those *insurance or reinsurance obligations*.

...

significant branch

means a *branch of a third country insurance undertaking*, a *third country reinsurance undertaking* or a *Gibraltarian insurance undertaking* for which the annual *gross written premium* of the *branch* exceeds 5% of the annual *gross written premium* of the *group*, measured with reference to the last available consolidated financial statements of the *group*.

...

significant deviation from relevant assumptions

means a significant deviation from the assumptions underlying the *matching adjustment*, the *volatility adjustment*, the *risk-free interest rate transitional measure* or the ~~transitional deduction~~ TMTTP.

...

special purpose vehicle

means any undertaking, whether incorporated or not, other than an existing UK Solvency II firm, which:

- (1) assumes risks from insurance undertakings; and
- (2) fully funds its exposure to such risks through the proceeds of a debt issuance or any other financing mechanism where the repayment rights of the providers of such debt or financing mechanism are subordinated to the undertaking's obligations to the insurance undertaking in respect of the risks referred to in (1).

...

third country insurance undertaking

~~means an undertaking that has its head office outside the UK and that would require authorisation as an insurance undertaking in accordance with provisions implementing Article 14 of the Solvency II Directive if its head office was situated in the UK. if its head office were situated in the UK would:~~

- (1) need Part 4A permission; and
- (2) satisfy the conditions set out in Insurance General Application 2.2.

~~[Note: Art. 13(3) of the Solvency II Directive]~~

...

third country reinsurance undertaking

~~means an undertaking that pursues only the business of reinsurance and has its head office outside the UK and that would require authorisation as a reinsurance undertaking in accordance with provisions implementing Article 14 of the Solvency II Directive if its head office were situated in the UK. if its head office were situated in the UK would:~~

- (1) need Part 4A permission; and
- (2) satisfy the conditions set out in Insurance General Application 2.2.

~~[Note: Art. 13(6) of the Solvency II Directive]~~

...

TMTTP

means a transitional deduction from a firm's technical provisions.

TMTTP Permission

means the permission to apply TMTTP granted to a firm by the PRA pursuant to section 138BA of FSMA.

...

~~transitional deduction~~

~~means the deduction from technical provisions applied in accordance with Transitional Measures 11.1.~~

...

Annex B

Amendments to the Insurance General Application Part

In this Annex new text is underlined and deleted text is struck through

Part

INSURANCE GENERAL APPLICATION

Chapter content

...

4. EURO INTERPRETATION [DELETED]

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

requirement

means a requirement or limitation included in a *firm's Part 4A permission* under section 55F(4) of *FSMA* (Giving permission: the PRA), section 55L(3) of *FSMA* (Imposition of requirements by the FCA), section 55M(3) of *FSMA* (Imposition of Requirements by the PRA) or section 55O of *FSMA* (Imposition of requirements on acquisition of control).

...

2 UK SOLVENCY II FIRM

...

2.3 Subject to 2.5, a *firm* of the kind mentioned in 2.2(5) or 2.2(6) is excluded if it fulfils all of the following conditions:

- (1) the *firm's* annual gross written premium income does not exceed ~~5,000,000~~ €15,000,000;
- (2) the total of the *firm's technical provisions*, gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs*, as referred to in Technical Provisions 2.1 to 2.3 does not exceed ~~25,000,000~~ €50,000,000;
- (3) where the *firm* belongs to a *group*, the total of the *technical provisions* of the *group* defined as gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs* does not exceed ~~25,000,000~~ €50,000,000;
- (4) the business of the *firm* does not include insurance or *reinsurance* activities covering liability, credit and suretyship insurance risks, unless they constitute *ancillary risks*; and
- (5) the business of the *firm* does not include *reinsurance* operations:
 - (a) exceeding:
 - (i) ~~€530,000~~ 500,000 ~~€~~ of its gross written premium income; or
 - (ii) ~~€2,400,000~~ 2,500,000 ~~€~~ of its *technical provisions* gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs*; or
 - (b) with more than 10% of its gross written premium income or more than 10% of its *technical provisions* gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs*.

[Note: Art. 4(1) of the *Solvency II Directive*]

...

4 EURO INTERPRETATION ~~[DELETED]~~

4.1 ~~Where a provision in the *Solvency II Firms Sector* of the *PRA Rulebook* makes reference to amounts in euro, the exchange rate from the euro to the pound sterling for each year with effect from 31 December is the rate applicable on the last day of the preceding October for which the exchange rates for the currencies of all of the EU member states were published in the Official Journal of the European Union. ~~[Deleted.]~~~~

[Note: Art. 299 of the *Solvency II Directive*]

- 4.2 ~~Where a provision in the *Solvency II Firms Sector* of the *PRA Rulebook* makes reference to amounts in euro a *firm* must interpret those amounts as being succeeded by any such amounts published in the Official Journal of the European Union reflecting the percentage change in the Harmonised Indices of Consumer Prices (comprising all EU member states, as published by Eurostat) starting from 31 December 2015 until the date of revision and rounded up to a multiple of 100,000 euro, provided that where the percentage change since the previous revision is less than 5% the amounts will not be revised. [Deleted.]~~

[Note: Art. 300 of the *Solvency II Directive*]

Annex C

Amendments to the Minimum Capital Requirement Part

In this Annex new text is underlined and deleted text is struck through

Part

MINIMUM CAPITAL REQUIREMENT

Chapter content

...

3. CALCULATION OF THE MINIMUM CAPITAL REQUIREMENT

3A. CALCULATION OF THE LINEAR MINIMUM CAPITAL REQUIREMENT

3B. LINEAR FORMULA COMPONENT FOR GENERAL INSURANCE AND REINSURANCE OBLIGATIONS

3C. LINEAR FORMULA COMPONENT FOR LONG-TERM INSURANCE AND REINSURANCE OBLIGATIONS

...

5. LLOYD'S

6. MINIMUM CAPITAL REQUIREMENT RISK FACTORS FOR GENERAL INSURANCE AND HEALTH INSURANCE AND REINSURANCE OBLIGATIONS

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply;

captive insurer

means a *UK Solvency II firm* owned by:

- (1) a financial *undertaking* other than a *UK Solvency II firm*; ~~or~~
- (2) a *group* of *UK Solvency II firms*; or
- (3) a non-financial *undertaking*;

the purpose of which is to provide insurance cover exclusively for the risks of the ~~undertaking~~*undertaking* or ~~undertakings~~*undertakings* to which it belongs, or of an *undertaking*, or *undertakings*, of the *group* of which that *UK Solvency II firm* is a member.

[Note: Art. 13(2) of the *Solvency II Directive*]

...

long-term insurance obligations

means insurance obligations falling within *lines of business 29 to 34*.

...

3 CALCULATION OF THE MINIMUM CAPITAL REQUIREMENT

3.1 ~~The function used to calculate the firm's MCR must be calibrated to the value-at-risk of its basic own funds subject to a confidence level of 85% over a one-year period.~~ [Deleted.]

[Note: Art. 129(1)(c) of the *Solvency II Directive*]

3.1A The MCR must be equal to the following:

$MCR = \max(MCR_{\text{combined}}, AMCR)$

where:

- (1) MCR_{combined} denotes the combined minimum capital requirement referred to in 3.1B; and
- (2) $AMCR$ denotes the absolute floor referred to in 3.2.

3.1B The combined minimum capital requirement must be equal to the following:

$MCR_{\text{combined}} = \min(\max(MCR_{\text{linear}}, 0.25 \times SCR), 0.45 \times SCR)$

where:

- (1) MCR_{linear} denotes the linear minimum capital requirement, calculated in accordance with 3A to 3C; and
- (2) SCR denotes the *SCR* calculated in accordance with *SCR Rules*.

3.2 The MCR must have an absolute floor of:

- (1) ~~£2,400,000~~2,500,000 ~~euro~~ for *firms*, including *captive insurers*, which have *Part 4A permission to effect contracts of insurance* or *carry out contracts of insurance* that are *contracts of general insurance*, except in the case where all or some of the *general*

insurance business classes 10 to 15 are covered, in which case it must be no less than ~~£3,500,000~~ £3,700,000 euro;

- (2) ~~£3,500,000~~ £3,700,000 euro for firms, including *captive insurers*, which have *Part 4A permission to effect contracts of insurance or carry out contracts of insurance that are contracts of long-term insurance*;
- (3) ~~£3,500,000~~ £3,600,000 euro for *pure reinsurers*, except in the case of *captive reinsurers* that are *pure reinsurers*, in which case the *MCR* must be no less than ~~£1,200,000~~ £1,200,000 euro; ~~or~~
- (4) ~~Unless (5) applies, the sum of the amounts set out in (1) and (2) for *firms* composite firms other than *pure reinsurers* which as of 15 March 1979 carried on both *long-term insurance business* and *general insurance business*; or~~
- (5) For *composite firms*, other than *pure reinsurers*, whose *Part 4A permission* in relation to *general insurance business* is limited to *general insurance business class 1 (accident) or class 2 (sickness)* and where the gross written premiums for either:
 - (a) *general insurance business*; or
 - (b) *long-term insurance business*,

do not exceed 10% of total gross written premiums of the firm as a whole, the amount set out in (2).

[Note: Art. 129(1)(d) of the *Solvency II Directive*]

...

3A CALCULATION OF THE LINEAR MINIMUM CAPITAL REQUIREMENT

3A.1 The linear minimum capital requirement referred to in 3.1B must be equal to the following:

$$\underline{MCR_{\text{linear}} = MCR_{(\text{linear,gi})} + MCR_{(\text{linear,l})}}$$

where:

- (1) $MCR_{(\text{linear,gi})}$ denotes the linear formula component for *general insurance and reinsurance obligations*; and
- (2) $MCR_{(\text{linear,l})}$ denotes the linear formula component for *long-term insurance and reinsurance obligations*.

3B LINEAR FORMULA COMPONENT FOR GENERAL INSURANCE AND REINSURANCE OBLIGATIONS

3B.1 The linear formula component for *general insurance and reinsurance obligations* referred to in 3A.1 must be equal to the following:

$$\underline{MCR_{\text{linear,gi}} = \sum_s (\alpha_s \times TP_{(gi,s)}) + (\beta_s \times P_s)}$$

where:

- (1) the sum covers all segments set out in 6.1;
- (2) $TP_{(gi,s)}$ denotes the *technical provisions* without a *risk margin* for *general insurance and reinsurance obligations* in the segment s after deduction of the amounts recoverable from *reinsurance contracts* and *special purpose vehicles*, with a floor equal to zero;

- (3) P_s denotes the *premiums written for general insurance and reinsurance obligations in the segment s during the last 12 months, after deduction of premiums for reinsurance contracts, with a floor equal to zero*; and
- (4) the factors α_s and β_s are set out in 6.1.

3B.2 The amounts recoverable from reinsurance contracts and special purpose vehicles referred to in 3B.1(2) must not include any of the following amounts:

- (1) amounts recoverable from reinsurance contracts or special purpose vehicles that cannot be taken into account in accordance with [Article 41(3) and (5) of the Commission Delegated Regulation (Solvency II) 2015/35]; and
- (2) amounts recoverable from reinsurance contracts or special purpose vehicles, that do not comply with [Articles 209, 210, 211 and 213 of the Commission Delegated Regulation (Solvency II) 2015/35] or with Solvency Capital Requirement – Internal Models 11.10 to 11.12.

3B.3 In the calculation of premiums written after deduction of premiums for reinsurance contracts referred to in 3B.1(3), the following premiums for reinsurance contracts must not be deducted:

- (1) premiums in relation to non-insurance events or settled insurance claims that are not accounted for in the cashflows referred to in [Article 41(3) of the Commission Delegated Regulation (Solvency II) 2015/35]; and
- (2) premiums for reinsurance contracts that do not comply with [Articles 209, 210, 211 and 213 of the Commission Delegated Regulation (Solvency II) 2015/35], or with Solvency Capital Requirement – Internal Models 11.10 to 11.12.

3C LINEAR FORMULA COMPONENT FOR LONG-TERM INSURANCE AND REINSURANCE OBLIGATIONS

3C.1 The linear formula component for long-term insurance and reinsurance obligations referred to in 3A.1 must be equal to the following:

$$\text{MCR}_{\text{linear},l} = 0.037 \times \text{TP}_{(l,1)} - 0.052 \times \text{TP}_{(l,2)} + 0.007 \times \text{TP}_{(l,3)} + 0.021 \times \text{TP}_{(l,4)} + 0.0007 \times \text{CAR}$$

where:

- (1) $\text{TP}_{(l,1)}$ denotes the technical provisions without a risk margin in relation to guaranteed benefits provided for long-term insurance obligations with profit participation, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero, and technical provisions without a risk margin for reinsurance obligations where the underlying long-term insurance obligations include profit participation, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (2) $\text{TP}_{(l,2)}$ denotes the technical provisions without a risk margin in relation to future discretionary benefits for long-term insurance obligations with profit participation, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (3) $\text{TP}_{(l,3)}$ denotes the technical provisions without a risk margin for linked long-term liabilities, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (4) $\text{TP}_{(l,4)}$ denotes the technical provisions without a risk margin for long-term insurance and reinsurance obligations other than those mentioned in (1) to (3), after deduction of the

amounts recoverable from *reinsurance contracts* and *special purpose vehicles*, with a floor equal to zero; and

(5) CAR denotes the total capital at risk, being the sum, in relation to each *contract of insurance* that gives rise to *long-term insurance and reinsurance obligations*, of the capital at risk of the contracts, where the capital at risk of a contract means the higher of zero and the difference between the following two amounts:

(a) the sum of all of the following:

(i) the amount that the *firm* would currently pay in the event of the death or disability of the *persons* insured under the *contract of insurance* after deduction of the amounts recoverable from *reinsurance contracts* and *special purpose vehicles*; and

(ii) the expected present value of amounts not covered in (i) that the *firm* would pay in the future in the event of the immediate death or disability of the *persons* insured under the *contract of insurance* after deduction of the amounts recoverable from *reinsurance contracts* and *special purpose vehicles*; and

(b) the *best estimate* of the corresponding obligations after deduction of the amounts recoverable from *reinsurance contracts* and *special purpose vehicles*.

3C.2 The amounts recoverable from *reinsurance contracts* and *special purpose vehicles* referred to in 3C.1(1) to (4), must not include any of the following:

(1) amounts recoverable from *reinsurance contracts* or *special purpose vehicles* that cannot be taken into account in accordance with [Article 41(3) and (5) of the Commission Delegated Regulation (Solvency II) 2015/35]; and

(2) amounts recoverable from *reinsurance contracts* or *special purpose vehicles* that do not comply with [Articles 209 to 215 of the Commission Delegated Regulation (Solvency II) 2015/35] or with Solvency Capital Requirement – Internal Models 11.10 to 11.12.

...

6 MINIMUM CAPITAL REQUIREMENT RISK FACTORS FOR GENERAL INSURANCE AND HEALTH INSURANCE AND REINSURANCE OBLIGATIONS

6.1

	<u>Segment</u>	<u>Lines of business that the segment consists of</u>	<u>Factor for technical provisions for segment s (α_s)</u>	<u>Factor for premiums written for segment s (β_s)</u>
1	<u>Medical expense insurance</u>	<u>1 and 13</u>	<u>4.7%</u>	<u>4.7%</u>
2	<u>Income protection insurance</u>	<u>2 and 14</u>	<u>13.1%</u>	<u>8.5%</u>
3	<u>Workers' compensation insurance</u>	<u>3 and 15</u>	<u>10.7%</u>	<u>7.5%</u>
4	<u>Motor vehicle liability insurance and proportional reinsurance</u>	<u>4 and 16</u>	<u>8.5%</u>	<u>9.4%</u>
5	<u>Other motor insurance and proportional reinsurance</u>	<u>5 and 17</u>	<u>7.5%</u>	<u>7.5%</u>

<u>6</u>	<u>Marine, aviation and transport insurance and proportional <i>reinsurance</i></u>	<u>6 and 18</u>	<u>10.3%</u>	<u>14%</u>
<u>7</u>	<u>Fire and other damage to property insurance and proportional <i>reinsurance</i></u>	<u>7 and 19</u>	<u>9.4%</u>	<u>7.5%</u>
<u>8</u>	<u><i>General liability</i> insurance and proportional <i>reinsurance</i></u>	<u>8 and 20</u>	<u>10.3%</u>	<u>13.1%</u>
<u>9</u>	<u>Credit and suretyship insurance and proportional <i>reinsurance</i></u>	<u>9 and 21</u>	<u>17.7%</u>	<u>11.3%</u>
<u>10</u>	<u>Legal expenses insurance and proportional <i>reinsurance</i></u>	<u>10 and 22</u>	<u>11.3%</u>	<u>6.6%</u>
<u>11</u>	<u>Assistance and its proportional <i>reinsurance</i></u>	<u>11 and 23</u>	<u>18.6%</u>	<u>8.5%</u>
<u>12</u>	<u>Miscellaneous financial loss insurance and proportional <i>reinsurance</i></u>	<u>12 and 24</u>	<u>18.6%</u>	<u>12.2%</u>
<u>13</u>	<u>Non-proportional casualty <i>reinsurance</i></u>	<u>26</u>	<u>18.6%</u>	<u>15.9%</u>
<u>14</u>	<u>Non-proportional marine, aviation and transport <i>reinsurance</i></u>	<u>27</u>	<u>18.6%</u>	<u>15.9%</u>
<u>15</u>	<u>Non-proportional property <i>reinsurance</i></u>	<u>28</u>	<u>18.6%</u>	<u>15.9%</u>
<u>16</u>	<u>Non-proportional health <i>reinsurance</i></u>	<u>25</u>	<u>18.6%</u>	<u>15.9%</u>

Annex D

Amendments to the Composites Part

In this Annex new text is underlined and deleted text is struck through

Part

COMPOSITES

Chapter content

1. APPLICATION
2. LONG-TERM AND GENERAL INSURANCE ACTIVITIES TO BE SEPARATELY MANAGED
3. MINIMUM FINANCIAL OBLIGATIONS: GENERAL PROVISIONS
4. MINIMUM FINANCIAL OBLIGATIONS: CALCULATION OF NOTIONAL MINIMUM CAPITAL REQUIREMENT
 - 4A. NOTIONAL GENERAL INSURANCE MINIMUM CAPITAL REQUIREMENT
 - 4B. NOTIONAL LONG-TERM INSURANCE MINIMUM CAPITAL REQUIREMENT
 - 4C. NOTIONAL SOLVENCY CAPITAL REQUIREMENT
5. LINKS BETWEEN GENERAL INSURERS AND LONG-TERM INSURERS
6. LLOYD'S

...

4 MINIMUM FINANCIAL OBLIGATIONS: CALCULATION OF NOTIONAL MINIMUM CAPITAL REQUIREMENT

...

4.2 Without prejudice to the *SCR Rules* and the Minimum Capital Requirement Part of the *PRA Handbook*, the *firm* must calculate a notional minimum capital requirement on the basis of the accounts referred to in 3.2:

- (1) a notional long-term insurance MCR with respect to its *long-term insurance business*, calculated as if the *firm* carried on *long-term insurance business* only; and
- (2) a notional general insurance MCR with respect to its *general insurance business*, calculated as if the *firm* carried on *general insurance business* only.

[Note: Art. 74(2) of the *Solvency II Directive*]

4.3 The *firm* must cover:

- (1) its ~~notional life MCR~~ notional long-term insurance MCR with *eligible own funds* attributable to its *long-term insurance business*, as identified on the basis of the accounts referred to in 3.2; and
- (2) its ~~notional non-life MCR~~ notional general insurance MCR with *eligible own funds* attributable to its *general insurance business*, as identified on the basis of the accounts referred to in 3.2.

[Note: Art. 74(3) of the *Solvency II Directive*]

4.4 For the purposes of 4.3, the *firm* must not cover:

- (1) its ~~notional life MCR~~ notional long-term insurance MCR with *eligible own funds* attributable to its *general insurance business*; and
- (2) its ~~notional non-life MCR~~ notional general insurance MCR with *eligible own funds* attributable to its *long-term insurance business*.

[Note: Art. 74(3) of the *Solvency II Directive*]

4.5 The *firm* must prepare a statement on the basis of the accounts referred to in 3.2 identifying the *eligible own funds* covering the ~~notional life MCR~~ notional long-term insurance MCR and the ~~notional non-life MCR~~ notional general insurance MCR, respectively.

[Note: Art. 74(6) of the *Solvency II Directive*]

4.6 Provided the *firm* satisfies the requirements in 4.3 and 4.4, and subject to the requirement in 4.7, a *firm* may use:

- (1) *eligible own funds* attributable to its *general insurance business* that are in excess of its ~~notional non-life MCR~~ notional general insurance MCR; and
- (2) *eligible own funds* attributable to its *long-term insurance business* that are in excess of its ~~notional life MCR~~ notional long-term insurance MCR;

to cover part or all of the difference between the *firm's SCR* and the sum of its ~~notional non-life MCR~~ notional general insurance MCR and ~~notional life MCR~~ notional long-term insurance MCR.

[Note: Art. 74(4) of the *Solvency II Directive*]

4.7 For the purposes of 4.6, a *firm* must notify the *PRA* before using:

- (1) *eligible own funds* referred to in 4.6(1) to cover the portion of the difference referred to in 4.6 that relates to the difference between the ~~notional life SCR~~notional long-term insurance SCR and the ~~notional life MCR~~notional long-term insurance MCR; or
- (2) *eligible own funds* referred to in 4.6(2) to cover the portion of the difference referred to in 4.6 that relates to the difference between the ~~notional non-life SCR~~notional general insurance SCR and the ~~notional non-life MCR~~notional general insurance MCR.

[Note: Art. 74(4) of the *Solvency II Directive*]

4.8 If a *composite firm* is in breach of either 4.3(1) or 4.3(2), Undertakings In Difficulty 4.1 applies to the activity in respect of which the breach has occurred, as if the words 'MCR' in Undertakings In Difficulty 4.1 were substituted with the words "~~notional life MCR~~"notional long-term insurance MCR or "~~notional non-life MCR~~"notional general insurance MCR, as applicable, regardless of whether any breach has occurred in respect of the other activity.

[Note: Art. 74(7) of the *Solvency II Directive*]

4A NOTIONAL GENERAL INSURANCE MINIMUM CAPITAL REQUIREMENT

4A.1 This Chapter:

- (1) applies to a *composite firm*, other than a *pure reinsurer*, and
- (2) does not apply to *managing agents*.

4A.2 The *notional general insurance MCR* must be equal to the following:

$$\text{NMCR}_{\text{gi}} = \max(\text{NMCR}_{(\text{combined,gi})}, \text{AMCR}_{\text{gi}})$$

where:

- (1) NMCR_(combined,gi) denotes the notional combined general insurance minimum capital requirement prescribed in 4A.3; and
- (2) AMCR_{gi} denotes:
 - (a) the absolute floor prescribed in Minimum Capital Requirement 3.2(1); or
 - (b) where Minimum Capital Requirement 3.2(5) applies, the sum of the absolute floor prescribed in Minimum Capital Requirement 3.2(2).

4A.3 The notional combined general insurance minimum capital requirement must be equal to the following:

$$\text{NMCR}_{(\text{combined,gi})} = \min(\max(\text{NMCR}_{(\text{linear,gi})}, 0.25 \times (\text{NSCR}_{\text{gi}} + \text{Addon}_{\text{gi}})), 0.45 \times (\text{NSCR}_{\text{gi}} + \text{Addon}_{\text{gi}}))$$

where:

- (1) NMCR_(linear,gi) denotes the notional linear minimum capital requirement for *general insurance business* prescribed in 4A.4;
- (2) NSCR_{gi} denotes the *notional general insurance SCR*; and
- (3) Addon_{gi} denotes the part of any *capital add-on* imposed by the *PRA*, which has been apportioned by *PRA* to the *general insurance business* of the *firm*.

4A.4 The notional linear minimum capital requirement for *general insurance business* must be equal to the following:

$$\text{NMCR}_{(\text{linear,gi})} = \text{MCR}_{(\text{gi,gi})} + \text{MCR}_{(\text{l,gi})}$$

where:

- (1) $MCR_{(gi,gi)}$ denotes the linear formula component for *general insurance and reinsurance obligations* relating to *general insurance business* calculated in accordance with 4A.5; and
- (2) $MCR_{(l,gi)}$ denotes the linear formula component for *long-term insurance and reinsurance obligations* relating to *general insurance business* calculated in accordance with 4A.5.

4A.5 $MCR_{(gi,gi)}$ and $MCR_{(l,gi)}$ must be calculated in the same way as $MCR_{(linear,gi)}$ and $MCR_{(linear,l)}$ referred to in Minimum Capital Requirement 3B and 3C respectively, but the *technical provisions* or premiums written used in the calculation must only relate to the *firm's general insurance and reinsurance obligations*.

4B NOTIONAL LONG-TERM MINIMUM CAPITAL REQUIREMENT

4B.1 This Chapter:

- (1) applies to a *composite firm*, other than a *pure reinsurer*; and
- (2) does not apply to *managing agents*.

4B.2 The *notional long-term insurance MCR* must be equal to the following:

$$\underline{NMCR}_I = \max(NMCR_{(combined,l)}, AMCR_I)$$

where:

- (1) $NMCR_{(combined,l)}$ denotes the notional combined long-term insurance minimum capital requirement prescribed in 4B.3; and
- (2) $AMCR_I$ denotes the absolute floor prescribed in Minimum Capital Requirement 3.2(2).

4B.3 The notional combined long-term insurance minimum capital requirement must be equal to the following:

$$\underline{NMCR_{(combined,l)}} = \min(\max(NMCR_{(linear,l)}, 0.25 \times (NSCR_I + Addon_I)), 0.45 \times (NSCR_I + Addon_I))$$

where:

- (1) $NMCR_{(linear,l)}$ denotes the notional linear minimum capital requirement for *long-term insurance business* prescribed in 4B.4;
- (2) $NSCR_I$ denotes the *notional long-term insurance SCR*; and
- (3) $Addon_I$ denotes the part of any *capital add-on* imposed by the *PRA*, which has been apportioned by *PRA* to the *long-term insurance business* of the *firm*.

4B.4 The notional linear minimum capital requirement for *long-term insurance business* must be equal to the following:

$$\underline{NMCR_{(linear,l)}} = MCR_{(gi,l)} + MCR_{(l,l)}$$

where:

- (1) $MCR_{(gi,l)}$ denotes the linear formula component for *general insurance and reinsurance obligations* relating to *long-term insurance business* calculated in accordance with 4B.5; and

(2) $MCR_{(l,l)}$ denotes the linear formula component for *long-term insurance and reinsurance obligations* relating to *long-term insurance business* calculated in accordance with 4B.5.

4B.5 $MCR_{(gi,l)}$ and $MCR_{(l,l)}$ must be calculated in the same way as $MCR_{(linear,gi)}$ and $MCR_{(linear,l)}$ referred to in Minimum Capital Requirement 3B and 3C respectively, but the *technical provisions* or premiums written used in the calculation must only relate to *long-term insurance and reinsurance obligations*.

4C NOTIONAL SOLVENCY CAPITAL REQUIREMENT

4C.1 This Chapter:

- (1) applies to a *composite firm*, other than a *pure reinsurer*; and
- (2) does not apply to *managing agents*.

4C.2 The *firm* must calculate a *notional general insurance SCR* and a *notional long-term insurance SCR*.

4C.3 The *notional general insurance SCR* must be equal to the following:

$$NSCR_{gi} = \frac{NMCR_{(linear,l)}}{NMCR_{(linear,gi)} + NMCR_{(linear,l)}} \times SCR$$

where:

- (1) SCR denotes the *firm's SCR*, which must for the purposes of this Chapter exclude any *capital add-on*;
- (2) $NMCR_{(linear,gi)}$ denotes the *notional linear general insurance minimum capital requirement for general insurance business* prescribed in 4A.4; and
- (3) $NMCR_{(linear,l)}$ denotes the *notional linear minimum capital requirement for long-term insurance business* prescribed in 4B.4.

4C.4 The *notional long-term insurance SCR* must be equal to the following:

$$NSCR_l = \frac{NMCR_{(linear,l)}}{NMCR_{(linear,gi)} + NMCR_{(linear,l)}} \times SCR$$

where:

- (1) SCR denotes the *SCR*, excluding any *capital add-on*;
- (2) $NMCR_{(linear,gi)}$ denotes the *notional linear general insurance minimum capital requirement for general insurance business* prescribed in 4A.4; and
- (3) $NMCR_{(linear,l)}$ denotes the *notional linear minimum capital requirement for long-term insurance business* prescribed in 4B.4.

...

6 LLOYD'S

...

6.2 A *managing agent* must not permit both *general insurance business* and *long-term insurance business* to be carried on together through any *syndicate* managed by it, except where:

- (1) the *long-term insurance business* to be carried on by that *syndicate* is or is to be restricted to *reinsurance*; or

- (2) the *general insurance business* to be carried on by that *syndicate* is or is to be restricted to *effect contracts of insurance* or *carry out contracts of insurance* in *general insurance business* ~~class~~class 1 (accident) or ~~class~~class 2 (sickness).

[Note: Art. 73(2) of the *Solvency II Directive*]

Annex E

Amendments to the Solvency Capital Requirement – General Provisions Part

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Part

SOLVENCY CAPITAL REQUIREMENT – GENERAL PROVISIONS

Chapter content

...

6. REQUIREMENT TO HOLD ELIGIBLE OWN FUNDS: LLOYD'S

...

...

3 GENERAL PROVISIONS FOR THE CALCULATION OF THE SCR

- 3.1 A firm must calculate its SCR either in accordance with the *standard formula* or using an *internal model* for which ~~internal model approval~~ internal model permission has been granted.

[Note: Art. 100 of the *Solvency II Directive*]

...

5 CAPITAL ADD-ON

...

- 5.1A A firm must, upon request by the PRA, submit a progress report to the PRA setting out the measures taken, and the progress made, to remedy the deficiencies that led to the imposition of a capital add-on arising as a result of an internal model significant risk profile deviation or a significant system of governance deviation.

...

6 REQUIREMENT TO HOLD ELIGIBLE OWN FUNDS: LLOYD'S

...

- 6.5 Where the Society uses an ~~approved internal model~~ for which internal model permission has been granted, the Society must also ensure that *eligible own funds* are held at Lloyd's covering, for at least 99.5% of the scenarios taken into account in the *internal model* for the purposes of meeting Solvency Capital Requirement - Internal Models 12.2, any diminution in *own funds* at Lloyd's arising from the impact of those scenarios.
- 6.6 Where an ~~approved internal model~~ for which internal model permission has been granted is used by the Society to calculate the SCR, for the purpose of meeting the requirement set out in 6.2, the Society may take account of *own funds* attributable to a *member* only to the extent of the diminution, if any, to those *own funds* resulting from the application of risk scenarios taken into account in the *internal model*.

...

Annex F

Amendments to the Solvency Capital Requirement – Internal Models Part

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Part

SOLVENCY CAPITAL REQUIREMENT – INTERNAL MODELS

Chapter content

1. APPLICATION AND DEFINITIONS
2. ~~APPROVAL OF~~PERMISSION FOR USING FULL AND PARTIAL INTERNAL MODELS
3. APPLICATIONS FOR ~~APPROVAL OF~~PERMISSION FOR USING FULL AND PARTIAL INTERNAL MODELS
4. APPLICATIONS FOR ~~APPROVAL OF~~PERMISSION FOR USING PARTIAL INTERNAL MODELS
5. TRANSITIONAL PLAN TO EXTEND THE SCOPE OF THE MODEL
- 5A. TRANSITIONAL PLAN TO REDUCE THE SCOPE OF THE MODEL
- 5B. INTERNAL MODEL SAFEGUARDS
- ...
13. PROFIT AND LOSS ATTRIBUTION [DELETED]
- 13A. ANALYSIS OF CHANGE
- ...
16. EXTERNAL MODELS AND DATA
- 16A. INTEGRATION OF PARTIAL INTERNAL MODELS
17. LLOYD'S
- ANNEX XVIII INTEGRATION TECHNIQUES FOR PARTIAL INTERNAL MODELS
- A GENERAL PROVISIONS
- B INTEGRATION TECHNIQUE 1
- C INTEGRATION TECHNIQUE 2
- D INTEGRATION TECHNIQUE 3
- E INTEGRATION TECHNIQUE 4
- F INTEGRATION TECHNIQUE 5

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*; and
- (2) in accordance with Insurance General Application 3, the *Society*,

which has been granted, and only to the extent of, an *internal model permission*.

[Note: This together with 1.1A is a permission under section 138BA of *FSMA* to which Part [xxx] of the [relevant statutory instrument made by the *Treasury* under section 138BA(1) of *FSMA*] applies.]

1.1A This Part also applies to a *UK Solvency II firm* and, in accordance with Insurance General Application 3, the *Society* for the purpose, and to the extent of, its application for an *internal model permission*.

[Note: This together with 1.1 is a permission under section 138BA of *FSMA* to which Part [xxx] of the [relevant statutory instrument made by the *Treasury* under section 138BA(1) of *FSMA*] applies.]

1.2 In this Part, the following definitions shall apply:

coverage

means the risks that are reflected in the *probability distribution forecast* generated by the *internal model*.

internal model approval application

means an application by a *firm* for *internal model approval*.

internal model change policy

means a *firm's* policy for making minor and major changes to its *internal model*.

internal model requirements

means the requirements set out in Solvency Capital Requirement – Internal Models 10 to 15.

internal model safeguard

means a limitation or requirement imposed by the *PRA* on a *firm*, whether in its *internal model permission*, under section 55M *FSMA* or otherwise, which either or both:

- (1) to the extent that a *residual model limitation* relates to Solvency Capital Requirement – General Provisions 3.3 to 3.4, is intended to ensure compliance of the *internal model* with those provisions; or
- (2) to the extent that a *residual model limitation* relates to the *internal model requirements*, is intended to mitigate the effect of that *residual model limitation*.

residual model limitation

means, in relation to an *internal model* for which a *firm* has, or in respect of which the *firm* is applying for, an *internal model permission*, an aspect of that *internal model* that prevents the *firm* from demonstrating to the *PRA's* satisfaction that that *internal model* meets Solvency Capital Requirements - General Provisions 3.3 and 3.4 and all *internal model requirements* in all the circumstances in which it is, or is intended, to be used.

scope

means, in respect of an *internal model* for which the *firm* has (or is applying for) an *internal model permission*, the risks covered (or to be covered) by that *internal model*.

unit of the partial internal model

means a component of the partial internal model that is separately calculated and not aggregated within the partial internal model.

2 APPROVAL OF PERMISSION FOR USING FULL AND PARTIAL INTERNAL MODELS

2.1 A firm may calculate its SCR using an *internal model* that is either a full *internal model* or a *partial internal model* only:

- (1) if it has been granted ~~*internal model approval*~~ *internal model permission* in respect of its *internal model*; and
- (2) to the extent of its ~~*internal model approval*~~ *internal model permission*.

2.2 A firm that has been granted ~~*internal model approval*~~ *internal model permission* must calculate its SCR using the *internal model* for which ~~*internal model approval*~~ *internal model permission* has been granted.

[Note: Art. 112(1) and Art. 112(2) of the *Solvency II Directive*]

3 APPLICATIONS FOR APPROVAL OF PERMISSION FOR USING FULL AND PARTIAL INTERNAL MODELS

3.1 A firm making an ~~*internal model approval application*~~ *internal model permission application* must either:

- (1) ~~submit, as a minimum, documentary evidence that demonstrates to the PRA's satisfaction that the *internal model* and, if the context requires, the *firm* satisfies the *internal model requirements*.~~ confirm to the PRA in writing and submit, as a minimum, documentary evidence that demonstrates to the PRA's satisfaction, that the *internal model* and, if the context requires, the *firm* satisfies Solvency Capital Requirement – General Provisions 3.3 to 3.4 and the *internal model requirements*; or
- (2) identify any of the requirements in Solvency Capital Requirement – General Provisions 3.3 to 3.4 and any *internal model requirements* that are not satisfied by the *internal model* or, if the context requires, the *firm*, explain to the PRA in writing why and in what way they are not satisfied and submit, as a minimum, documentary evidence demonstrating to the PRA's satisfaction that the *internal model* or, if the context requires, the *firm* satisfies all other requirements in Solvency Capital Requirement – General Provisions 3.3 to 3.4 and *internal model requirements*.

[Note: Art. 112(3) of the *Solvency II Directive*]

3.2 A firm making an ~~*internal model approval application*~~ *internal model permission application* must demonstrate to the PRA's satisfaction that its systems for identifying, measuring, monitoring, managing and reporting risk are adequate.

[Note: Art. 112(5) of the *Solvency II Directive*]

3.3 When making an ~~*internal model approval application*~~ *internal model permission application*, a firm must submit its *internal model change policy* to the PRA ~~for approval~~.

[Note: Art. 115 of the *Solvency II Directive*]

3.4 Upon request by the PRA, a firm with an ~~*internal model approval*~~ *internal model permission* must provide the PRA with an estimate of the SCR determined in accordance with the *standard formula*.

[Note: Art. 112(7) of the *Solvency II Directive*]

4 APPLICATIONS FOR APPROVAL OF PERMISSION FOR USING PARTIAL INTERNAL MODELS

4.1 Where an ~~internal model approval application~~ internal model permission application relates to the use of a *partial internal model*, the *internal model requirements* apply with any changes that are necessary to take account of the limited scope of the application of the *internal model*.

[Note: Art. 112(3) of the *Solvency II Directive*]

4.2 A firm making an ~~internal model approval application~~ internal model permission application to use a *partial internal model* must:

...

- (3) demonstrate that the design of its *partial internal model* is consistent with the principles in Solvency Capital Requirement - General Provisions 2 to 4 so as to allow the capital requirement generated by the *partial internal model* to be fully integrated into the *standard formula SCR*.

[Note: Art. 113(1) of the *Solvency II Directive*]

5 TRANSITIONAL PLAN TO EXTEND THE SCOPE OF THE MODEL

5.1 Upon request by the *PRA*, a firm which has made an ~~internal model approval application~~ internal model permission application in respect of a *partial internal model* that only covers certain sub-modules of a specific risk module, or some of the business units of the firm with respect to a specific risk module, or parts of both, must submit a realistic transitional plan to extend the *scope* of the proposed *partial internal model*.

[Note: Art. 113(2) of the *Solvency II Directive*]

...

5A TRANSITIONAL PLAN TO REDUCE THE SCOPE OF THE MODEL

5A.1 Where a firm is failing or likely to fail to satisfy the requirements in 5B.1.10.3. or Solvency Capital Requirement - General Provisions 5.1, the firm must, upon request by the *PRA*, submit a realistic transitional plan to reduce the *scope* of its *internal model*, such that the *internal model* no longer covers:

- (1) the risks contained in one or more *major business units*; or
- (2) certain sub-modules of a specific risk module, or some of the business units of the firm with respect to a specific risk module, or parts of both,

in respect of which deficiencies arise.

5B INTERNAL MODEL SAFEGUARDS

5B.1 A firm must make all reasonable efforts to remedy the *residual model limitation* that led to the imposition of an *internal model safeguard*.

5B.2 A firm must, upon request by the *PRA*, submit a progress report to the *PRA* setting out the measures taken, and the progress made, pursuant to 5B.1.

6 CHANGES TO AN INTERNAL MODEL OR INTERNAL MODEL CHANGE POLICY

6.1 A firm with ~~internal model approval~~ internal model permission must not change its *internal model* otherwise than in accordance with the ~~firm's internal model change policy as approved by the PRA~~ that is covered by the firm's *internal model permission*.

[Note: Art. 115 of the *Solvency II Directive*]

6.2 A firm's *internal model change policy* must include a specification of minor and major changes to the *internal model* and, to the extent a firm applies *model limitation adjustments* within the *internal model* for which it has *internal model permission*, an explanation of governance arrangements for their application, including where they are specified as minor and major changes and the reasons they are specified as such.

[Note: Art. 115 of the *Solvency II Directive*]

6.3 A firm with ~~*internal model approval*~~ *internal model permission* must not:

- (1) make any major change to its *internal model*; or
- (2) make any change to its *internal model change policy*;

without obtaining the prior approval of the PRA to vary the *firm's internal model permission* in accordance with the procedures set out in 3 to 5 for obtaining *internal model approval*.

[Note: Art. 115 of the *Solvency II Directive*]

6.4 A firm that applies to the PRA for prior approval to vary its *internal model permission* in order to make any major change to its *internal model* or to make any change to its *internal model change policy* must apply in accordance with the procedures set out in 3 to 5 for obtaining *internal model permission*.

6.5 For the purpose of 6.4, if a firm applying to the PRA has an *internal model permission* that modifies any of the *internal model requirements* applicable to that firm, it must also submit documentary evidence for the purposes of 3.1(1) or (2) by reference to the unmodified *internal model requirements*, and the firm must also:

- (1) confirm, in accordance with 3.1(1); or
- (2) explain, in accordance with 3.1(2),

by reference to the unmodified *internal model requirements*.

6.6 This rule modifies 6.3(2) and 6.4 for a transitional period following [effective date of rule changes] as follows:

- (1) A firm that applies *model limitation adjustments* within the *internal model* for which it has *internal model permission* may, until [date two years after the effective date], make a change to its *internal model change policy* solely in order to document procedures for applying, reviewing and removing those *model limitation adjustments* without the prior approval of the PRA for a variation of its *internal model permission*.
- (2) A firm that makes changes of a description permitted in (1) to its *internal model change policy* must apply to the PRA before [date two years after the effective date] to vary its *internal model permission* in order to reflect those changes to its *internal model change policy* in accordance with the procedures set out in 3 to 5 for obtaining *internal model permission*.

7 RESPONSIBILITIES OF THE FIRM'S GOVERNING BODY

7.1 A firm's:

- (1) ~~*internal model approval application*~~ *internal model permission application*; and
 - (2) application to the PRA for approval to vary its *internal model permission* in order to make a major change to its *internal model* ~~which is the subject of an *internal model approval*~~;
- must be approved by the firm's governing body.

[Note: Art. 116 of the *Solvency II Directive*]

...

8 REVERSION TO THE STANDARD FORMULA

8.1 A firm with an ~~internal model approval~~internal model permission must not, in respect of the *internal model* for which that ~~internal model approval~~internal model permission has been granted, revert to calculating the whole or any part of the *SCR* in accordance with the *standard formula*.

[Note: Art. 117 of the *Solvency II Directive*]

9 NON-COMPLIANCE OF THE INTERNAL MODEL

9.1 If a firm with ~~internal model approval~~internal model permission ceases to comply with the *internal model requirements*, the firm must, without delay, either present to the *PRA* a plan to restore compliance within a reasonable period of time, or demonstrate to the *PRA* that the effect of non-compliance is immaterial.

[Note: Art. 118(1) of the *Solvency II Directive*]

10 USE TEST

...

10.1A An *internal model* shall not be considered to be widely used in or to play an important role in the system of governance of a firm where the quantifications of risks and the risk ranking produced by the *internal model* do not trigger timely and appropriate risk management actions, where relevant.

...

10.3 A firm must ensure the ongoing appropriateness of the design and operations of its *internal model*, and that the *internal model* continues to appropriately reflect the risk profile of the ~~firm~~*firm*.

[Note: Art. 120 of the *Solvency II Directive*]

10.4 A firm must ensure that the design of the *internal model* is aligned with its activities, including by ensuring:

- (1) the *internal model* is capable of producing outputs that are sufficiently granular to play an important role in the relevant management decisions of the firm; and
- (2) that, as a minimum, the outputs of the *internal model* differentiate between *lines of business*, between risk categories and between *major business units*.

10.5 A firm must ensure that the *internal model change policy* provides that the *internal model* is to be adjusted for changes in the scope or nature of the activities of the firm.

10.6 Subject to 10.1, where a firm decides not to use the *internal model* for a part of the system of governance, the firm shall notify the *PRA* and justify that decision.

10.7 Where the *internal model* is used for different purposes, a firm must ensure consistency between the different outputs of the *internal model*.

10.8 A firm must ensure that its *governing body* and any other persons who effectively run the firm have a sufficient understanding of the *internal model* which comprises knowledge about all of the following:

- (1) the structure of the *internal model* and the way the *internal model* fits to the business and is integrated in the risk-management system of the firm;
- (2) the scope and purposes of the *internal model* and the risks that are or are not included in the coverage of the *internal model*;
- (3) the general methodology applied in the *internal model* calculations;

- (4) the limitations of the *internal model*;
- (5) the *diversification effects* taken into account in the *internal model*; and
- (6) the material expert judgements used to set assumptions underlying the *internal model*.

10.9 A firm must ensure that the persons who effectively run the firm have a sufficiently detailed understanding of the parts of the *internal model* used in the area for which they are responsible.

10.10 In order to meet the requirements in 10.2, a firm may use a simplified calculation of the SCR, in which it carries out only a part of the calculations usually necessary to determine the SCR, if and to the extent that the firm:

- (1) uses results from the previous calculation of the SCR for the remaining part of the calculation;
- (2) is able to demonstrate upon request by the PRA that the results taken from the previous calculation of the SCR would not be materially different from the results of a new calculation; and
- (3) does not use a simplified calculation of the SCR for the purposes of meeting Solvency Capital Requirements - General Provisions 4.

11 STATISTICAL QUALITY STANDARDS

11.1 A firm must ensure that its *internal model* and, in particular, the calculation of the *probability distribution forecast* generated by ~~underlying~~ it, complies with 11.2 to 11.8~~13~~.

[Note: Art. 121(1) of the *Solvency II Directive*]

11.2 The methods used to calculate the *probability distribution forecast* must be:

- (1) based on adequate, applicable and relevant actuarial and statistical techniques;
- (2) based upon current and credible information and realistic assumptions that make adequate allowance for uncertainty; and
- (3) consistent with the methods used to calculate *technical provisions*, except where this would result in the firm failing to comply with 11.6.

[Note: Art. 121(2) of the *Solvency II Directive*]

...

11.4 ...

(1A) Data used in the *internal model* shall only be deemed complete for the purposes of 11.4(1) where data are available for all relevant *internal model* parameters and no such relevant data are excluded from use in the *internal model* without justification.

(2) A firm must update the data sets used in the calculation of the *probability distribution forecast* at least annually, and collect, process and apply data in a transparent and structured manner.

[Note: Art. 121(3) of the *Solvency II Directive*]

...

11.6 The *internal model* must cover all of the material risks to which the firm is exposed, including at least the risks set out in Solvency Capital Requirement – General Provisions 3.3(1).

[Note: Art. 121(4) of the *Solvency II Directive*]

11.6A For the purposes of 11.6, a firm shall assess, at least on a quarterly basis, whether the internal model covers all material quantifiable risks within its scope. The assessment must take into account an appropriate set of qualitative and quantitative indicators.

11.6B The qualitative indicators referred to in 11.6A must include any risks identified in the ORSA that are not included in the coverage of the internal model.

...

11.8 A firm's internal model must only take into account:

- (1) as regards *diversification effects*, dependencies within and across risk categories, if ~~the PRA is satisfied, as part of the internal model approval,~~ that the firm's system for measuring those *diversification effects* is adequate;
- (2) the effect of *risk-mitigation techniques*, if and to the extent that *credit risk* and other risks arising from the use of *risk-mitigation techniques* are properly reflected (in accordance with 11.10) in the *internal model*; and
- (3) future management actions, if and to the extent that:
 - (a) they are future management actions that the firm would, in a manner consistent with [Article 23 of the Commission Delegated Regulation (Solvency II) 2015/35], applied in the context of this Part, reasonably expect to carry out in specific circumstances; and
 - (b) the firm makes allowance in its *internal model* for the time and expenses necessary to implement those actions.

[Note: Art. 121(5), (6) and (8) of the *Solvency II Directive*]

11.9 A firm's system used for measuring diversification effects referred to in 11.8(1) shall only be considered adequate where it:

- (1) identifies the key variables driving dependencies; and
- (2) takes into account all of the following:
 - (a) any non-linear dependence and any lack of diversification under extreme scenarios;
 - (b) any restrictions of diversification which arise from the existence of a ring-fenced fund or matching adjustment portfolio; and
 - (c) the characteristics of the risk measure used in the internal model.

11.10 In order to comply with 11.8(2), a firm must not include risks arising from any of the following situations:

- (1) the contractual arrangements relating to the risk-mitigation technique are, in any relevant jurisdiction, not legally effective and enforceable or do not ensure that the transfer of risk is clearly defined and incontrovertible;
- (2) the firm does not have a direct claim on the counterparty in the event of the default, insolvency or bankruptcy of the counterparty or other credit event set out in the transaction documentation to the arrangements relating to the risk-mitigation technique; and
- (3) the legal arrangements underlying the risk-mitigation technique do not contain an explicit reference to a specific risk exposure clearly defining the extent of the cover provided by the risk-mitigation technique.

11.11 Where the risk-mitigation technique referred to in 11.10(3) does not cover the risk exposure of the firm in all cases, a firm must ensure that its internal model takes into account the reduced effectiveness of the risk-mitigation technique resulting from this deviation of risk exposures, in order to comply with 11.8(2).

11.12 Where a *risk-mitigation technique* is subject to a condition, the fulfilment of which is outside the direct control of the *firm* and which could undermine the effective transfer of risk, a *firm* must ensure that its *internal model* takes into account the effect of the condition and any reduced effectiveness of that *risk-mitigation technique*, in order to comply with 11.8(2).

11.13

(1) Where a *firm* uses in its *internal model* parts obtained from a third party, in order for the *internal model* to be considered adequate the *firm* must be able to demonstrate a sufficient understanding of those parts, including their limitations, such that the *firm* can:

(a) provide meaningful challenge in order to ensure that those parts operate to achieve the overall purpose for which they were developed; and

(b) explain how the operation of those parts enables the *internal model* and, if the context requires, the *firm* to comply with the *internal model requirements* and Solvency Capital Requirement – General Provisions 3.3 and 3.4.

(2) Where a *firm* uses in its *internal model* data obtained from a third party, in order for those data to be considered to be appropriate, a *firm* must be able to demonstrate a sufficient understanding of those data, including their limitations.

...

13 PROFIT AND LOSS ATTRIBUTION [DELETED]

~~13.1 A *firm* with *internal model approval* must review, at least annually, the causes and sources of profits and losses for each *major business unit*. [Deleted.]~~

~~[Note: Art. 123 of the *Solvency II Directive*]~~

~~13.2 A *firm* must demonstrate how the categorisation of risk chosen in its *internal model* explains the causes and sources of profits and losses. [Deleted.]~~

~~[Note: Art. 123 of the *Solvency II Directive*]~~

~~13.3 A *firm* must ensure that its categorisation of risk and attribution of profits and losses reflects its risk profile. [Deleted.]~~

~~[Note: Art. 123 of the *Solvency II Directive*]~~

13A ANALYSIS OF CHANGE

13A.1 A *firm* with *internal model permission* must annually carry out an analysis comparing the change in:

(1) the *firm's SCR* as at the *firm's* most recent financial year end; and

(2) (subject to 13A.2) the *firm's SCR* as at the *firm's* previous financial year end.

13A.2 Where, a *firm* receives an *internal model permission* for the first time which takes effect part way through its financial year, the *firm* must compare its *SCR* as at the end of that financial year with the *SCR* that would have been calculated as at the *firm's* previous financial year end, if the *firm's internal model permission* had taken effect at that time.

13A.3 The analysis referred to in 13A.1 must include reasons, and documentary evidence to support those reasons, explaining any change in *SCR*.

13A.4 Commencing with the *firm's* first financial year end on or after 31 December 2025, or if the *firm* first receives an *internal model permission* which takes effect after 31 December 2025, commencing with its first financial year end after the date that *internal model permission* took effect, the *firm* must submit the analysis, reasons and documentary evidence in 13A.1 to 13A.3 to the *PRA* as part of the information reported under Reporting 2.

13A.5 13A.1 applies to a *firm* in respect of each of its financial years ending on or after 31 December 2024 or, if the *firm* first receives an *internal model permission* which takes effect after 31 December 2024, each of its financial years ending on or after the date that *internal model permission* took effect.

14 VALIDATION STANDARDS

14.1

...

(3) For the purpose of demonstrating to the *PRA* that the resulting capital requirements are appropriate, a *firm* must:

(a) compare the *coverage* of the *internal model* with the *scope* of the *internal model*; and

(b) ensure that the statistical process for validating the *internal model* includes stress tests, including a reverse stress test, identifying the most probable stresses that would threaten the viability of the *firm*.

(4) Where a *firm* observes in accordance with 14.1(1)(c) and (d) that changes in a key underlying assumption have a significant impact on the *SCR*, it must be able to explain the reasons for this sensitivity and how the sensitivity is taken into account in its decision-making process. For the purposes of 14.1(1)(c) and (d) the key assumptions shall include assumptions on future management actions and assumptions set using expert judgements.

[Note: Art. 124 of the *Solvency II Directive*]

14.2 In order to ensure independence of the *internal model* validation process from the development and operation of the *internal model*, a *firm* must ensure that the *persons* or *organisational unit* shall, when carrying out the *internal model* validation process, be free from influence from those responsible for the development and operation of the *internal model*.

15 DOCUMENTATION STANDARDS

...

15.2 The documentation referred to in 15.1 must:

(1) demonstrate compliance with 10 to 14, 16 and 16A;

(2) provide a detailed outline of the theory, assumptions, and mathematical and empirical bases underlying the *internal model*;

(3) indicate any circumstances under which the *internal model* does not work effectively; and

(4) include all major changes to the *internal model*, as referred to in 6; and

(5) in the case of a *partial internal model*, in addition to the requirements in 15.2(1) to 15.2(4):

(a) include the justification for the limited *scope* of the *internal model*;

(b) include a description of the integration technique used to fully integrate the capital requirement generated by the *partial internal model* into the *standard formula SCR*; and

(c) demonstrate compliance with 4.2(2) and (3).

[Note: Art. 125 of the *Solvency II Directive*]

16 EXTERNAL MODELS AND DATA

...

16.2 A firm must monitor any potential limitations arising from the use of external models or external data in the *internal model* to ensure the ongoing fulfilment of Solvency Capital Requirement – General Provisions 3.2 – 3.5, the *internal model requirements*, and Solvency Capital Requirement – Internal Models 4.2 and 5 in respect of a *partial internal model*.

16A INTEGRATION OF PARTIAL INTERNAL MODELS

16A.1 Unless 16A.2 or 16A.3 applies, a firm must use as a default integration technique the correlation matrices and formulae of the *standard formula* set out in Solvency Capital Requirement - Standard Formula 3.1 and in [Articles 83 to 221 of the Commission Delegated Regulation (Solvency II) 2015/35] in order to fully integrate the capital requirement generated by a *partial internal model* into the *standard formula SCR*.

16A.2 Unless 16A.3 applies, where the firm demonstrates to the PRA that it would not be appropriate to use the default integration technique referred to in 16A.1 for any of the reasons referred to in 16A.5, the firm must use the most appropriate integration technique of those set out in Annex XVIII Integration Techniques for Partial Internal Models. The firm must demonstrate the appropriateness of the integration technique used.

16A.3 If the default integration technique referred to in 16A.1 and all integration techniques set out in Annex XVIII Integration Techniques for Partial Internal Models are inappropriate for one or more reasons referred to in 16A.5, the firm may use an alternative integration technique. The firm must demonstrate the appropriateness of the integration technique used.

16A.4 The firm must ensure that the alternative integration technique referred to in 16A.3 that it uses results in an SCR that complies with the principles set out in the Solvency Capital Requirement - General Provisions Part and this Part and more appropriately reflects the risk profile of the firm.

16A.5 An integration technique shall not be appropriate where any of the following applies:

- (1) the resulting SCR and, if the context requires, the firm would not comply with Solvency Capital Requirement - General Provisions 3.2 - 3.5;
- (2) the resulting SCR would not appropriately reflect the risk profile of the firm;
- (3) the design of the *partial internal model* is consistent with the principles set out in Solvency Capital Requirement - General Provisions 3.2 - 3.5 and 4 but it would not be possible to use the integration technique to fully integrate the capital requirement generated by the *partial internal model* into the *standard formula SCR*.

...

ANNEX XVIII INTEGRATION TECHNIQUES FOR PARTIAL INTERNAL MODELS

A GENERAL PROVISIONS

1. For the purposes of this Annex, *basic SCR* shall mean the *basic SCR* as supplemented or amended for the purposes of applying the relevant integration techniques by this Annex.
2. Where a firm applies integration techniques 1 to 5, its SCR must be the sum of the following items:
 - (a) the *basic SCR* as set out sections in sections B to F;
 - (b) the capital requirement for *operational risk* as laid down in Solvency Capital Requirement – Standard Formula 5, where that risk is not within the *scope of the partial internal model*, and generated by the *partial internal model*, where that risk is within the *scope of the partial internal model*;

(c) the adjustment for the loss-absorbing capacity of *technical provisions* and deferred taxes, as laid down in paragraph 3, where that adjustment is not within the *scope of the partial internal model*, and generated by the *partial internal model* where that adjustment is within the *scope of the partial internal model*.

3. Where the adjustment for the loss-absorbing capacity of *technical provisions* and deferred taxes is not within the *scope of the partial internal model*, the *firm* must calculate it as laid down in [Articles 205 to 207 of the Commission Delegated Regulation (Solvency II) 2015/35], but with the following changes:
- (a) the *basic SCR* referred to in [Articles 206(1) and (2) and 207(1) of the Commission Delegated Regulation (Solvency II) 2015/35] is calculated in accordance with sections B to F;
 - (b) [points (a) to (d) of Article 206(2) of the Commission Delegated Regulation (Solvency II) 2015/35] apply only to calculations with the *standard formula*;
 - (c) for the purposes of [Article 206(2) of the Commission Delegated Regulation (Solvency II) 2015/35] the capital requirements used in the calculation of the *basic SCR* that are generated by the *partial internal model* must take into account the risk-mitigating effect provided by *future discretionary benefits of contracts of insurance*;
 - (d) the capital requirement for *operational risk* referred to in [Article 207(1)(c) of the Commission Delegated Regulation (Solvency II) 2015/35] is calculated in accordance with paragraph 2(b).

B INTEGRATION TECHNIQUE 1

The *basic SCR* must be equal to the sum of the capital requirements for the *units of the partial internal model*, the capital requirement derived by applying the *standard formula* for the *basic SCR* only to the risks that are out of *scope of the partial internal model* and the capital requirement for intangible asset risk as set out in [Article 203 of the Commission Delegated Regulation (Solvency II) 2015/35].

C INTEGRATION TECHNIQUE 2

1. The *basic SCR* must be equal to the following:

$$BSCR = \sqrt{\sum_{i,j} \text{Corr}_{(i,j)} \cdot SCR_i \cdot SCR_j} + SCR_{\text{int}}$$

where:

- (a) the sum covers all possible combinations (i, j) of the aggregation list set out in paragraph 2;
 - (b) $\text{Corr}_{(i,j)}$ denotes the correlation parameter, for items i and j of the aggregation list;
 - (c) SCR_i and SCR_j denote the capital requirements for the items i and j of the aggregation list, respectively;
 - (d) SCR_{int} denotes the capital requirement for intangible asset risk as set out in [Article 203 of the Commission Delegated Regulation (Solvency II) 2015/35].
2. The items on the aggregation list must meet the following requirements:
- (a) they must cover each of the *units of the partial internal model*;

- (b) they must include each of the following sub-modules of the *standard formula* excluding those within the *scope* of the *partial internal model*:
- (i) the sub-modules of the non-life *underwriting risk* module set out in [Article 114(1) of the Commission Delegated Regulation (Solvency II) 2015/35];
 - (ii) the sub-modules of the life *underwriting risk* module set out in Solvency Capital Requirement – Standard Formula 3.7 – 3.9;
 - (iii) the sub-modules of the health *underwriting risk* module set out in [Article 151(1) of the Commission Delegated Regulation (Solvency II) 2015/35]; and
 - (iv) the sub-modules of the *market risk* module set out in Solvency Capital Requirement – Standard Formula 3.11;
- (c) they must include the counterparty default risk module of the *standard formula* unless it is within the *scope* of the *partial internal model*.

However, where none of the sub-modules of a module of the *standard formula* are within the *scope* of the *partial internal model*, the aggregation list must include that module instead of its sub-modules.

3. The correlation parameters referred to in point (b) of paragraph 1 must comply with the following requirements:

- (a) for all items i and j from the aggregation list the correlation parameter $\text{Corr}_{(i,j)}$ must not be less than -1 and must not exceed 1;
- (b) for all items i and j from the aggregation list the correlation parameters $\text{Corr}_{(i,j)}$ and $\text{Corr}_{(j,i)}$ must be equal;
- (c) for all items i from the aggregation list the correlation parameter $\text{Corr}_{(i,i)}$ must be equal to 1;
- (d) for any assignment of real numbers to the items of the aggregation list the following must hold:

$$\sum_{i,j} \text{Corr}_{(i,j)} \cdot x_i \cdot x_j \geq 0$$

where:

- (i) the sum covers all possible combinations (i, j) of the aggregation list; and
- (ii) x_i and x_j are the numbers assigned to the items i and j , respectively, of the aggregation list;
- (e) where the items i and j from the aggregation list are modules of the *standard formula*, the correlation parameter $\text{Corr}_{(i,j)}$ must be equal to the correlation parameter of the *standard formula* that is used to aggregate those two modules;
- (f) where the items i and j from the aggregation list are sub-modules of the same module of the *standard formula*, then the correlation parameter $\text{Corr}_{(i,j)}$ must be equal to the correlation parameter of the *standard formula* that is used to aggregate those two sub-modules;
- (g) for all items i and j from the aggregation list the correlation parameter $\text{Corr}_{(i,j)}$ must not be less than $\text{Corr}_{(i,j)}^{\min}$ and must not exceed $\text{Corr}_{(i,j)}^{\max}$, where $\text{Corr}_{(i,j)}^{\min}$ and $\text{Corr}_{(i,j)}^{\max}$ are appropriate lower and upper bounds selected by the *firm*.

A firm must choose the correlation parameters referred to in point (b) of paragraph 1 in such a way that no other set of correlation parameters that meets the requirements set out in points (a) to (g) results in a higher basic SCR, calculated in accordance with paragraph 1.

D INTEGRATION TECHNIQUE 3

1. The basic SCR must be equal to the following:

$$\text{BSCR} = \sqrt{\sum_{i,j} S_S^2 + 2S_S(\omega_1 \cdot P_C + \omega_2 \cdot P_S) + P^2 + \text{SCR}_{\text{int}}}$$

where:

- (a) S_S denotes the capital requirement derived by applying the *standard formula* for the *basic SCR* only to the risks not covered by the *partial internal model*;
- (b) ω_1 denotes the first implied correlation parameter as set out in paragraph 2;
- (c) P_C denotes the capital requirement reflecting the risks that are both within the scope of the *standard formula* and the scope of the *partial internal model*, generated by the *partial internal model*;
- (d) ω_2 denotes the second implied correlation parameter as set out in paragraph 3;
- (e) P_S is the capital requirement reflecting the risks within the scope of the *partial internal model* but not within the scope of the *standard formula*, generated by the *partial internal model*;
- (f) P denotes the capital requirement reflecting the risks that are within the scope of the *partial internal model*, generated by the *partial internal model*;
- (g) SCR_{int} denotes the capital requirement for intangible asset risk as set out in [Article 203 of the Commission Delegated Regulation (Solvency II) 2015/35].

2. The first implied correlation parameter must be equal to the following:

$$\omega_1 = \frac{S^2 - S_S^2 - S_C^2}{d_1 + 2 \cdot S_S \cdot S_C}$$

where:

- (a) S denotes the capital requirement calculated in the same way as the *basic SCR* by means of the *standard formula*, but where capital requirements for modules or sub-modules are replaced by capital requirements for those modules or sub-modules that are generated by the *partial internal model*, where possible;
- (b) S_C denotes the capital requirement derived by applying the *standard formula* for the *basic SCR* only to the risks that are within the scope of the *standard formula* and the scope of the *partial internal model*, but where the capital requirements for the modules and sub-modules are replaced by capital requirements for those modules or sub-modules that are generated by the *partial internal model*;
- (c) S_S is defined as in paragraph 1(a);
- (d) d_1 is equal to 1 where S_S or S_C are zero and equal to zero where S_S and S_C are different from zero.

3. The second implied correlation parameter must be equal to the following:

$$\omega_2 = \omega_1 \cdot \omega_3 + \frac{1}{2} \sqrt{(1 - \omega_1^2)(1 - \omega_3^2)}$$

where ω_1 is as defined in paragraph 2 and ω_3 is the third implied correlation parameter as set out in paragraph 4.

4. The third implied correlation parameter must be equal to the following:

$$\omega_3 = \frac{P^2 - P_S^2 - P_C^2}{d_2 + 2 \cdot P_S \cdot P_C}$$

where:

- (a) P , P_S and P_C are as defined in paragraph 1;
- (b) d_2 is equal to 1 where P_S or P_C are zero and equal to zero where P_S and P_C are different from zero.

E INTEGRATION TECHNIQUE 4

1. The basic SCR must be equal to the following:

$$\text{BSCR} = \sqrt{P^2 + S_2^2 + \sum_{j=k+1}^n 2S_j \left(\sum_{i=1}^l \text{Corr}_{(i,j)} \cdot P_i + \sum_{i=l+1}^k \text{Corr}_{(i,j)} \cdot S_i \right)} + \text{SCR}_{\text{int}}$$

where:

- (a) P denotes the capital requirement reflecting the risks that are within the *scope of the partial internal model*, generated by the *partial internal model*;
- (b) S_S denotes the capital requirement derived by applying the *standard formula* for the *basic SCR* only to the risks not covered by the *partial internal model*;
- (c) k denotes the number of modules of the *standard formula* that are within the *scope of the partial internal model*;
- (d) n denotes the number of modules of the *standard formula*;
- (e) l denotes the number of modules of the *standard formula* for each of which the capital requirement can be generated by the *partial internal model*;
- (f) $\text{Corr}_{(i,j)}$ denotes the correlation parameter of the *standard formula* for the aggregation of modules i and j ;
- (g) P_i denotes the capital requirement for the module i of the *standard formula*, generated by the *partial internal model*;
- (h) S_i and S_j denote the capital requirements for modules i and j of the *standard formula*, respectively, which are calculated in the following way:
 - (i) the module is generated by the *standard formula* provided that the module does not consist of sub-modules; and
 - (ii) the module is calculated in accordance with paragraph 2 provided that the module consists of sub-modules;

- (i) SCR_{int} denotes the capital requirement for intangible asset risk as set out in [Article 203 of the Commission Delegated Regulation (Solvency II) 2015/35].
2. For all modules of the *standard formula* referred to in paragraph 1(h)(ii), the capital requirement of a particular module must be generated by the formula set out in paragraph 1, applying the following specifications:
- (a) P denotes the capital requirement reflecting the risks of the sub-modules of that particular module which are within the *scope* of the *partial internal model*, generated by the *partial internal model*;
- (b) S_s denotes the capital requirement derived by applying that particular module only to the risks not covered by the *partial internal model*;
- (c) k denotes the number of sub-modules of that particular module that are within the *scope* of the *partial internal model*;
- (d) n denotes the number of sub-modules of that particular module;
- (e) l denotes the number of sub-modules of that particular module for each of which the capital requirement can be generated by the *partial internal model*;
- (f) $Corr_{(i,j)}$ denotes the correlation parameter of the *standard formula* for the aggregation of sub-modules i and j of that particular module;
- (g) P_i denotes the capital requirements for the sub-module i of that particular module, generated by the *partial internal model*;
- (h) S_i and S_j denote the capital requirement for sub-modules i and j of that particular module, respectively, which are calculated in the following way:
- (i) the sub-module is generated by the *standard formula* provided that the sub-module does not consist of other sub-modules; and
- (ii) the sub-module is calculated in accordance with paragraph 3 provided that the sub-module consists of other sub-modules;
- (i) SCR_{int} must be set to zero.
3. For all sub-modules of the *standard formula* referred to in paragraph 2(h)(ii), the capital requirement of a particular sub-module must be generated by the formula set out in paragraph 1, applying the following specifications:
- (a) P denotes the capital requirement reflecting the risks of the sub-modules of that particular sub-module which are within the *scope* of the *partial internal model*, generated by the *partial internal model*;
- (b) S_s denotes the capital requirement derived by applying that particular sub-module only to the risks not covered by the *partial internal model*;
- (c) k denotes the number of sub-modules of that particular sub-module that are within the *scope* of the *partial internal model*;
- (d) n denotes the number of sub-modules of that particular sub-module;
- (e) l denotes the number of sub-modules of that particular sub-module for each of which the capital requirement can be generated by the *partial internal model*;
- (f) $Corr_{(i,j)}$ denotes the correlation parameter of the *standard formula* for the aggregation of sub-modules i and j of that particular sub-module;
- (g) P_i denotes the capital requirement for the sub-module i of that particular sub-module, generated by the *partial internal model*;

- (h) S_i and S_j denote the capital requirements for sub-modules i and j of that particular sub-module, respectively, which are calculated in the following way:
- (i) the sub-module is generated by the *standard formula* provided that the sub-module does not consist of other sub-modules; and
 - (ii) the sub-module is calculated in accordance with this paragraph provided that the sub-module consists of other sub-modules;
- (i) SCR_{int} must be set to zero.

F INTEGRATION TECHNIQUE 5

1. The *basic SCR* must be equal to the following:

$$BSCR = \sqrt{P^2 + S_2^2 + \frac{2P}{\sqrt{\sum_{i=1}^k \sum_{j=1}^k \text{Corr}_{(i,j)} \cdot S_i \cdot S_j}} \sum_{j=k+1}^n \sum_{i=1}^k \text{Corr}_{(i,j)} \cdot S_i \cdot S_j + SCR_{int}}$$

where:

- (a) P , S_s , k , n , $\text{Corr}_{(i,j)}$ and SCR_{int} are defined as in paragraph 1 of section E;
 - (b) S_i and S_j denote the capital requirements for modules i and j , respectively of the *standard formula* which are calculated in the following way:
 - (i) the module is generated by the *standard formula* provided that the module does not consist of sub-modules;
 - (ii) the module is calculated in accordance with paragraph 2 provided that the module consists of sub-modules.
2. For all modules of the *standard formula* referred to in paragraph 1(b)(ii), the capital requirement of a particular module must be generated by the formula set out in paragraph 1, applying the following specifications:
- (a) P , S_s , k , n , $\text{Corr}_{(i,j)}$ and SCR_{int} are defined as in paragraph 2 of section E;
 - (b) S_i and S_j denote the capital requirement for sub-modules i and j of that particular module, respectively, which are calculated in the following way:
 - (i) the sub-module is generated by the *standard formula* provided that the sub-module does not consist of other sub-modules; and
 - (ii) the sub-module is calculated in accordance with paragraph 3 provided that the sub-module consists of other sub-modules.
3. For all modules of the *standard formula* referred to in paragraph 2(b)(ii), the capital requirement of a particular module must be generated by the formula set out in paragraph 1, applying the following specifications:
- (a) P , S_s , k , n , $\text{Corr}_{(i,j)}$ and SCR_{int} are defined as in paragraph 3 of section E;
 - (b) S_i and S_j denote the capital requirements for sub-modules i and j of that particular module, respectively, which are calculated in the following way:
 - (i) the sub-module is generated by the *standard formula* provided that the sub-module does not consist of other sub-modules; and
 - (ii) the sub-module is calculated in accordance with this paragraph provided that the sub-module consists of other sub-modules.

Annex G

Amendments to the Technical Provisions Part

In this Annex new text is underlined and deleted text is struck through

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definition shall apply:

...

~~relevant portfolio of assets~~

~~means the assigned portfolio of assets, consisting of bonds and other assets with similar cash-flow characteristics, to cover the best estimate of the relevant portfolio of insurance or reinsurance obligations, referred to in regulation 42(4)(a) and (b) of the Solvency 2 Regulations 2015.~~

...

Annex H

Transitional Measure on Technical Provisions Part

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

Part

TRANSITIONAL MEASURE ON TECHNICAL PROVISIONS

Chapter Content

- 1. APPLICATION AND DEFINITIONS**
- 2. TMTP PERMISSION**
- 3. REPORTING**
- 4. PRELIMINARY CALCULATION OF TMTP METHOD ITEMS**
- 5. TMTP CALCULATION**
- 6. TRANSFERS OF INSURANCE BUSINESS**
- 7. PHASING-IN PLAN**

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

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

1.2 In this Part, the following definitions shall apply:

base TMTP

is the figure calculated for the *final reporting period* in accordance with 4.2(1).

best estimate annuity portion

means the amount of the *best estimate* for any annuity *relevant insurance and reinsurance obligations* under the *firm's long term insurance contracts* (if any) for which the *technical provisions* are calculated in accordance with Technical Provisions 2.5(1) less amounts recoverable (if any) from *reinsurance contracts* and *UK ISPVs* in respect of those obligations, including where the amount is negative.

best estimate non-annuity portion

means the amount of the *best estimate* for any *relevant insurance and reinsurance obligations* for which the *technical provisions* are calculated in accordance with Technical Provisions 2.5(1) other than annuity *relevant insurance and reinsurance obligations* under the *firm's long term insurance contracts* (if any), less the amounts recoverable (if any) from *reinsurance contracts* and *UK ISPVs* in respect of those obligations, including where the amount is negative.

final reporting period

means the reporting period immediately prior to the reporting period within which the *firm* first uses the *TMTP method* to calculate its *TMTP*.

INSPRU 7

means the rules and guidance known as INSPRU 7 (individual capital assessment) in the PRA's Prudential Sourcebook for Insurers as at 31st December 2015, made or treated as having been made by the PRA on 7th March 2013 under FSMA and the Financial Services Act 2012 (Transitional Provisions) (Rules and Miscellaneous Provisions) Order 2013.

qualifying reinsurance contract

means a proportional *reinsurance contract* between two *UK Solvency II firms*:

- (1) which transfers to the *reinsurer* a 100% share of the ceding *firm's* risk under the *reinsured contracts of insurance*;
- (2) where the ceding *firm* has *TMTP Permission* in relation to the *technical provisions* for its insurance and *reinsurance obligations* under the *contracts of insurance* referred to in (1); and
- (3) which is legally binding and enforceable in all relevant jurisdictions.

relevant insurance and reinsurance obligations

means insurance and *reinsurance obligations* for which the *technical provisions* are subject to a *TMTP Permission*.

risk margin portion

means, in relation to a *firm's technical provisions* calculated in accordance with Technical Provisions 2.5(1) to which a *TMTP Permission* relates, the amount of the *risk margin*.

TMTP method

means the method set out in 5.1 for calculating the amount of *TMTP*, as modified in accordance with 6, as appropriate.

transfer event

means:

- (1) a transfer of *relevant insurance and reinsurance obligations*;
- (2) the transfer of risk under a *qualifying reinsurance contract*;
- (3) an amendment to a *qualifying reinsurance contract* that results in a change to the volume of the risks ceded to the *reinsurer* under such *qualifying reinsurance contract*, or
- (4) the cancellation, expiration, termination, or commutation of a *qualifying reinsurance contract*.

2 TMTP PERMISSION

2.1 A *firm* may apply *TMTP* only:

- (1) if it has a *TMTP Permission*; and
- (2) to the extent of its *TMTP Permission*.

2.2 A *firm* that has a *TMTP Permission* must not apply the *risk-free interest rate transitional measure*.

2.3 A *firm* must not apply *TMTP* after 1 January 2032.

2.4 A *firm* may apply *TMTP* only to *technical provisions* for such of its insurance and *reinsurance obligations* where a *TMTP* was applied to the *technical provisions* in respect of those obligations immediately before [date of commencement] in accordance with an approval granted by the *PRA*.

2.5 A *firm* must calculate *TMTP* using the *TMTP method*.

3 REPORTING

3.1 A *firm* must as part of its *SFCR* publicly disclose that it applies *TMTP* and the quantification of the impact of not applying *TMTP* on its financial position.

4 PRELIMINARY CALCULATION OF TMTP METHOD ITEMS

4.1 Chapter 4 has effect for determining the values of 'Z_A', 'Z_B' and the *base TMTP* element of 'C_r' in the *TMTP method*.

4.2 Before applying the *TMTP method* for the first time, a *firm* must perform the following steps in sequence:

- (1) Calculate the *base TMTP* so that it satisfies:

$$0 \leq T_0 \leq (X_N - Y_N) \left(1 - \frac{N}{16}\right)$$

where:

$T_0 =$ *base TMTP*.

$X_N =$ the amount of the *firm's technical provisions* to which the *TMTP Permission* relates, as calculated as at the final day of the *final reporting period*, less amounts recoverable (if any) from *reinsurance* contracts and *UK ISPVs*. Where a *matching adjustment* or *volatility adjustment* is applied to those *technical provisions*, the amount of the *firm's technical provisions* must take into account the *matching adjustment* or *volatility adjustment*, as calculated as at the final day of the *final reporting period*.

$Y_N =$ an amount equal to the amount of the *firm's technical provisions* to which the *TMTP Permission* relates, calculated as at the final day of the *final reporting period* in accordance with *INSPRU 7*, applied as at the final day of the *final reporting period*, less amounts recoverable (if any) from *reinsurance* contracts.

$N =$ represents the year of the *final reporting period*, from 2016 to 2032. N takes integer values from 0 to 16, so that 2016 is year 0, 2017 is year 1, 2018 is year 2, and continuing until 2032 which is year 16.

(2) Express the *base TMTP* as:

$$\text{base TMTP} = (A_0 + B_0 + C_0)$$

where:

$A_0 =$ the amount of the *base TMTP* attributable to the *risk margin portion*.

$B_0 =$ the amount of the *base TMTP* attributable to the *best estimate annuity portion*.

$C_0 =$ the amount of the *base TMTP* attributable to (1) the *best estimate non-annuity portion*; and, if any, (2) the *firm's technical provisions* to which the *TMTP Permission* relates calculated in accordance with *Technical Provisions 2.5(2)*, less the amounts recoverable (if any) from *reinsurance* contracts and *UK ISPVs*.

(3) Calculate ' Z_A ' as follows:

$$\frac{A_0}{D_0}$$

where:

$A_0 =$ ' A_0 ' as defined in 4.2(2).

$D_0 =$ the amount of the *risk margin portion* calculated as at the final day of the *final reporting period*.

(4) Calculate ' Z_B ' as follows:

$$\frac{B_0}{E_0}$$

where:

$B_0 =$ ' B_0 ' as defined in 4.2(2).

$E_0 =$ the amount of the *best estimate annuity portion* calculated as at the final day of the *final reporting period*.

5 TMTP CALCULATION

5.1 A *firm* must calculate its *TMTP*, so that *TMTP* satisfies:

$$0 \leq T_r \leq (A_r + B_r + C_r - W_r)$$

where:

T_r = the amount of *TMTP* as at the final day of the reporting period.

A_r = the amount of *TMTP* attributable to the *risk margin portion*, which is determined by multiplying ' Z_A ' as calculated in 4.2(3) with the *risk margin portion*, calculated as at the final day of the reporting period.

B_r = the amount of *TMTP* attributable to the *best estimate annuity portion*, which is determined by multiplying ' Z_B ' as calculated in 4.2(4) with the *best estimate annuity portion*, calculated as at the final day of the reporting period.

C_r = ' C_0 ' as calculated in 4.2(2), multiplied by $(1-M/7)$.

M = represents the years of the reporting period from 2025 to 2032. M takes values from 0 to 7, so that 2025 is year 0, 2026 is year 1, 2027 is year 2, and continuing until 2032 which is year 7.

W_r = an amount calculated in accordance with 5.2, to increase the rate of run-off of *TMTP*.

- 5.2 For the purpose of calculating the value of ' W_r ' referred to in 5.1, a *firm* shall, at least at the final day of each year-end reporting period calculate a new value for ' W_r ' as follows:

$$\frac{(A_7 + B_7 - W_q)}{(7 - M)} + W_q$$

where:

A_7 = the projected *risk margin portion* as at 1 January 2032, multiplied by ' Z_A ' as calculated in 4.2(3).

B_7 = the projected *best estimate annuity portion* as at 1 January 2032, multiplied by ' Z_B ' as calculated in 4.2(4).

M = represents the years of the reporting period from 2025 to 2032. M takes values from 0 to 7, so that 2025 is year 0, 2026 is year 1, 2027 is year 2, and continuing until 2032 which is year 7.

W_q = the value of ' W_r ', if any, as at the final day of the previous reporting period.

6 TRANSFERS OF INSURANCE BUSINESS

- 6.1 Within two *months* of the effective date of any *transfer event*, a *firm* shall:

- (1) update the values of ' Z_A ', ' Z_B ' and ' C_r ' used in 5 to account for any change in the *firm's technical provisions* to which the *TMTP Permission* relates; and
- (2) calculate the output of the *TMTP method* using the values updated in accordance with 6.1(1) and the value of the *technical provisions* calculated as at the effective date of any *transfer event*.

- 6.2 The update of the values of ' Z_A ', ' Z_B ' and ' C_r ' in accordance with 6.1 shall only reflect any change in the *firm's relevant insurance and reinsurance obligations* as a result of any *transfer event*, such that:

- (1) where the *firm's technical provisions* increase as a result of any *transfer event*, the amount calculated in accordance with 6.1(2) shall be no greater than the amount of *TMTP* that applied to the *relevant insurance and reinsurance obligations* covered by such *transfer event* immediately prior to the effective date of any *transfer event*; or
- (2) where the *firm's technical provisions* decrease as a result of any *transfer event*, the amount calculated in accordance with 6.1(2) shall be no less than the amount of *TMTP*

that applied to the *relevant insurance and reinsurance obligations* covered by such *transfer event* immediately prior to the effective date of any *transfer event*.

- 6.3 A *firm* must submit to the *PRA* information explaining the methods used to update 'Z_A', 'Z_B' and 'C' in accordance with 6.1(1) and the calculation referred to in 6.1(2) as soon as possible and in any case no later than three *months* following any *transfer event*.

7 PHASING-IN PLAN

- 7.1 A *firm* with *TMTP Permission* must:
- (1) immediately inform the *PRA* as soon as it observes that the *SCR* would no longer be complied with without the application of *TMTP*;
 - (2) take the measures necessary to achieve compliance with the *SCR* by 1 January 2032; and
 - (3) within two *months* from the observation referred to in (1), submit a *phasing-in plan* to the *PRA*.
- 7.2 A *firm's phasing-in plan* must set out the planned measures to establish the level of *eligible own funds* covering the *SCR* or reduce its risk profile to ensure compliance with the *SCR* by 1 January 2032.
- 7.3 A *firm* that updates its *phasing-in plan* must submit the updated *phasing-in plan* to the *PRA* within two months of updating its *phasing-in plan*.
- 7.4 A *firm* that is required to submit a *phasing-in plan* in accordance with 7.1(3) must submit annually a report to the *PRA* setting out the measures taken and progress made to comply with the *SCR* by 1 January 2032.

Annex I

Amendments to the Transitional Measures Part

In this Annex new text is underlined and deleted text is struck through

Part

TRANSITIONAL MEASURES

Chapter Content

...

11. TECHNICAL PROVISIONS [DELETED]

...

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

phasing-in plan

means the phasing-in plan required to be submitted by the *firm* to the *PRA* under 12.1.

...

11 TECHNICAL PROVISIONS ~~[DELETED]~~

11.1 A *firm* may only:

- ~~(1) apply a *transitional deduction* from its *technical provisions*; or~~
- ~~(2) recalculate the amount of any *transitional deduction* if it has received approval to do so by the *PRA*.~~[Deleted.]~~~~

[Note: Art. 308d(1) and (3) of the *Solvency II Directive*]

11.2 A *firm* with approval to apply the ~~*technical provisions transitional measure*~~ must:

- ~~(1) not apply the *risk-free interest rate transitional measure*; and~~
- ~~(2) as part of its *SFCR* publically disclose that it applies the *transitional deduction* and the quantification of the impact of not applying the *transitional deduction* on its financial position.~~[Deleted.]~~~~

[Note: Art. 308d(5) of the *Solvency II Directive*]

12 PHASING-IN PLAN

12.1 A *firm* with approval to use the *risk-free interest rate transitional measure* ~~or the *technical provisions transitional measure*~~ must:

- (1) immediately inform the *PRA* as soon as it observes that the *SCR* ~~would~~is no longer be complied with without application of the *risk-free interest rate transitional measure* ~~or the *technical provisions transitional measure*~~;
- (2) take the measures necessary to achieve compliance with the *SCR* by 1 January 2032; and
- (3) within two *months* from the observation referred to in (1)of non-compliance with the *SCR* ~~without application of the *risk-free interest rate transitional measure* or the *technical provisions transitional measure*~~, submit a *phasing-in plan* to the *PRA*.

...

12.3 A *firm* that updates its *phasing-in plan* must submit the updated *phasing-in plan* to the *PRA* within two months of updating its *phasing-in plan*.

12.4 A *firm* with approval to use the *risk-free interest rate transitional measure* ~~or the *technical provisions transitional measure*~~ and that is required to submit a *phasing-in plan* in accordance with subject to the requirement in 12.1(3) must submit annually a report to the *PRA* setting out the measures taken and progress made to ensure compliance with the *SCR* by 1 January 2032.

...

Annex J

Amendments to the Conditions Governing Business Part

In this Annex new text is underlined and deleted text is struck through

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~technical provisions transitional measure~~

means a ~~transitional deduction from a firm's technical provisions~~ applied in accordance with Transitional Measures 11.1.

...

3 RISK MANAGEMENT

...

3.7 A firm that has received ~~internal model approval~~ internal model permission must ensure that its risk-management *function* covers the following additional tasks:

...

3.8 ...

(4) Where a firm applies the *matching adjustment*, the *volatility adjustment*, the *risk-free interest rate transitional measure* or the TMTPTechnical provisions transitional measure, it must perform the assessment of compliance with the capital requirements referred to in 3.8(2)(b) with and without taking into account those adjustments and transitional measures.

...

Annex K

Amendments to the Third Country Branches Part

In this Annex new text is underlined and deleted text is struck through

Part

THIRD COUNTRY BRANCHES

Chapter content

...

4. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT
[DELETED]

...

6. ~~TECHNICAL PROVISIONS~~ FOR INSURANCE AND REINSURANCE OBLIGATIONS AND OWN FUNDS

...

14. TRANSITIONAL MEASURES [DELETED]

...

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

branch MCR

means a capital requirement calculated in accordance with the Minimum Capital Requirement Part of the *PRA* Rulebook but taking account only of the operations effected by the *third country branch*.

...

branch SCR

means a capital requirement calculated in accordance with the *SCR Rules* but taking account only of the operations effected by the *third country branch*.

branch technical provisions

means the technical provisions established in accordance with the Technical Provisions Part of the *PRA* Rulebook to cover the insurance and *reinsurance* obligations assumed by a *third country branch undertaking* in the *UK*.

...

pre-Solvency II branch MCR

means the minimum capital requirement referred to in INSPRU 1.5.42R of the *PRA Handbook* that applied to the *third country branch undertaking* as at 31 December 2015.

...

3 LOCALISATION AND DEPOSIT OF ASSETS

3.1 ~~A third country branch undertaking (except a third country branch undertaking that has a third country pure reinsurance branch) must hold in the UK assets required to cover the branch SCR.~~~~[Deleted.]~~

...

3.3 A third country branch undertaking (except a third country branch undertaking that has a third country pure reinsurance branch) must hold on deposit as security in the UK with a CRD credit institution assets of an amount equal to at least ~~one quarter of the absolute floor of the MCR set out in Minimum Capital Requirement 3.2.~~

(1) £600,000 for a third country insurance branch whose insurance business is limited to general insurance business, except in the case where all or some of the general insurance business classes 10 to 15 are covered, in which case the amount must be at least £875,000;

(2) £875,000 for a third country insurance branch whose insurance business is limited to long-term insurance business; or

(3) the sum of the amounts set out in (1) and (2) for a third country insurance branch that is a composite third country branch.

~~[Note: Art. 162(2), Art. 166(4), Art. 167(1) and (2) of the Solvency II Directive]~~

4 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

[DELETED.]

4.1 ~~A third country branch undertaking must:~~

~~(1) calculate a branch SCR; and~~

~~(2) cover the branch SCR with eligible own funds.[Deleted.]~~

4.2 ~~A third country branch undertaking must:~~

~~(1) calculate a branch MCR; and~~

~~(2) cover the branch MCR with eligible own funds.[Deleted.]~~

4.3 ~~For the purposes of the calculations referred to in 4.1(1) and 4.2(1), the third country branch undertaking must take account only of the operations effected by the third country branch.[Deleted.]~~

...

5 CONTENTS OF THE BRANCH SCHEME OF OPERATIONS

5.1 The branch scheme of operations must set out the following:

...

~~(3) estimates of the future branch SCR on the basis of a forecast balance sheet, as well as the calculation methods used to derive those estimates;[deleted.]~~

~~(4) estimates of the future branch MCR, on the basis of a forecast balance sheet, as well as the calculation method used to derive those estimates;[deleted.]~~

~~(5) the state of the eligible own funds with respect to the branch SCR and branch MCR;[deleted.]~~

...

~~(8) for the first three financial years:~~

...

~~(b) estimates of the financial resources intended to cover branch technical provisions, branch MCR and branch SCR the provisions referred to in 6.1;~~

...

~~[Note: Art. 162(2) and Art. 163(1) and (2) of the Solvency II Directive]~~

6 TECHNICAL PROVISIONS FOR INSURANCE AND RESINSURANCE OBLIGATIONS AND OWN FUNDS

6.1 ~~A third country branch undertaking must establish adequate branch technical provisions 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 6.1D.~~

6.1A ~~A third country branch undertaking must calculate the provisions referred to in 6.1:~~

~~(1) such that the calculation makes use of and is consistent with information provided by the financial markets and generally available data on underwriting risks (market consistency);~~

~~(2) in a prudent, reliable and objective manner;~~

~~(3) taking into account the principles set out in Valuation 2; and~~

(4) in accordance with:

(a) 6.1B to 6.1E;

(b) Technical Provisions 9 to 12; and

(c) Technical Provisions 14,

where a reference to 'technical provisions' is to be interpreted as the provisions referred to in 6.1.

6.1B The insurance and reinsurance obligations referred to in 6.1 must be calculated using the branch best estimate unless 6.1D applies, in which case they must be calculated in accordance with 6.1D.

6.1C The branch best estimate must be calculated in accordance with:

(1) Technical Provisions 3; and

(2) Technical Provisions 5 to 8,

where a reference to 'best estimate' is to be interpreted as branch best estimate.

6.1D Where:

(1) future cash-flows associated with insurance or reinsurance obligations can be replicated reliably; and

(2) that replication is provided using financial instruments; and

(3) those financial instruments have a reliable market value which is observable,

then the value of those future cash-flows must be determined on the basis of the market value of those financial instruments.

6.1E

(1) A third country branch undertaking must ensure that the branch best estimate, and the assumptions underlying the calculation of the branch best estimate, are regularly compared against experience.

(2) Where the comparison in (1) identifies that a systematic deviation exists between the branch best estimate calculations and experience, the third country branch undertaking must make appropriate adjustments to the actuarial methods being used and/or the assumptions being made to ensure that the branch best estimate is calculated in accordance with 6.1A to 6.1C.

...

6.3 A third country branch undertaking must value assets and liabilities (other than the insurance and reinsurance obligations referred to in 6.1) in accordance with the Valuation Part of the PRA Rulebook for the purposes of establishing the branch technical provisions.

6.4 A third country branch undertaking must determine and classify its third country branch undertaking own funds for the purposes of complying with its branch SCR and branch MCR in accordance with the Own Funds Part of the PRA Rulebook as if it were a UK Solvency II firm. [Deleted.]

6.5 A third country branch undertaking must fulfil the requirements in Own Funds 5 for the purposes of complying with its branch SCR and branch MCR as if it were a UK Solvency II firm. [Deleted.]

[Note: Art. 165, Art. 166(1), (2) and (3) and Art. 167(4) of the Solvency II Directive]

7 CONDITIONS GOVERNING BUSINESS

7.1 A third country branch undertaking must fulfil the following requirements in the Conditions Governing Business Part of the PRA Rulebook, as modified by 7.2, 7.3 and 7.4 to 7.6:

...

- (2) Conditions Governing Business 2.2 to 2.6; and
- (3) Conditions Governing Business 3 to 7 (other than 3.3, 3.8(2)(b)(i), 3.8(2)(c), 3.8(4) and 3.8(5)); and
- (4) Conditions Governing Business 4 to 7.

7.2

- (1) A reference to "SCR" is to be interpreted as a reference to the branch SCR.[Deleted.]
- (2) A reference to "MCR" is to be interpreted as a reference to:[Deleted.]

...

(c) the branch MCR.[deleted.]

- (3) A reference to "technical provisions" is to be interpreted as a reference to:

...

(c) the branch technical provisions provisions referred to in 6.1.

...

- (5) A reference to "internal model" is to be interpreted as a reference to any internal model used by a third country branch undertaking to calculate the branch SCR.[Deleted.]
- (6) A reference to 'best estimate' is to be interpreted as 'branch best estimate'.

...

7.5

- (1) In Conditions Governing Business 1.2, the reference to 'UK Solvency II firm' in the definition of 'concentration risk' is to be interpreted as 'third country branch undertaking'.
- (2) In Conditions Governing Business 3.1(2)(b), reference to:
 - (a) 'to be included in the calculation of the SCR as'; and
 - (b) 'in the calculation thereof',is to be disregarded.
- (3) In Conditions Governing Business 3.2, reference to 'and eligible own funds' is to be disregarded.
- (4) In Conditions Governing Business 3.6, reference to 'and the SCR' is to be disregarded.
- (5) In Conditions Governing Business 3.8(2)(b)(ii) a reference to 'Technical Provisions' is to be interpreted as 'Third Country Branches 6'.
- (6) In Conditions Governing Business 6.1(1)(i), reference to 'the risk modelling underlying the calculation of the SCR and MCR' is to be disregarded.

7.6 In Conditions Governing Business 2.2(3)(b), the reference to 'Conditions Governing Business 3 to 7' is to be interpreted with reference to 7.1(3) and the modifications set out in 7.2 and 7.5.

7.7 A firm must submit the assessments referred to in Conditions Governing Business 3.2 (as modified by 7.2 to 7.6) as part of the information reported annually in accordance with Reporting 2.

...

9 REPORTING

9.1 A *third country branch undertaking* must fulfil the applicable requirements laid down in the Reporting Part 2.1 to 2.5, as modified by 9.2.

9.2 ~~A *third country branch undertaking* must fulfil the requirements referred to in 9.1 taking account only of matters relevant to the operations effected by the *third country branch*. [Deleted.]~~

...

10 THIRD COUNTRY BRANCH UNDERTAKINGS IN DIFFICULTY

10.1 A *third country branch undertaking* must fulfil the requirements laid down in Undertakings in Difficulty 2 to 5 as modified by 10.2.

10.2

~~(1) A reference to “SCR” is to be interpreted as a reference to the *branch SCR*.~~

~~(2) A reference to “MCR” is to be interpreted as a reference to the *branch MCR*.~~

~~(3) A reference to “*technical provisions*” is to be interpreted as a reference to the *branch technical provisions*. [Deleted.]~~

[Note: Art. 168 of the *Solvency II Directive*]

11 SEPARATION OF LONG-TERM BUSINESS AND GENERAL BUSINESS

11.1

(1) A *third country insurance undertaking* that has a *composite third country branch* must fulfil the requirements laid down in Composites 2 to 4 and 3, as modified by 11.2.

...

11.2

...

~~(2) The reference to “SCR” in Composites 4.6 is to be interpreted as a reference to the *branch SCR*. [Deleted.]~~

~~(3) The *notional life MCR*, *notional non-life MCR*, the *notional life SCR* and *notional non-life SCR* referred to in the Composites Part of the *PRA* Rulebook shall be calculated taking account only of the operations effected by the *third country branch*. [Deleted.]~~

~~(4) The reference to ‘*technical provisions*’ in Composites 3.3 is to be interpreted as a reference to the provisions in 6.1.~~

[Note: Art. 169 of the *Solvency II Directive*]

...

14 TRANSITIONAL MEASURES [DELETED]

14.1 The following provisions in the Transitional Measures Part of the *PRA* Rulebook apply to *third country branch undertakings* with the modifications set out in 14.2:

~~(1) Transitional Measures 1.2~~

- ~~(2) Transitional Measures 3.1;~~
- ~~(3) Transitional Measures 3.3;~~
- ~~(4) Transitional Measures 4 to 7; and~~
- ~~(5) Transitional Measures 10 to 12. [Deleted.]~~

14.2 ~~The modifications referred to in 14.1 are:~~

- ~~(1) any modification set out in this Part to any Parts referred to in the Transitional Measures Part of the *PRA* Rulebook;~~
- ~~(2) the modifications set out in 10.2;~~
- ~~(3) any reference to "*pro-Solvency II MCR*" is to be interpreted as a reference to *pro-Solvency II branch MCR*; and~~
- ~~(4) any other necessary modification. [Deleted.]~~

...

Annex L

Amendments to the Insurance – Supervised Run Off Part

In this Annex new text is underlined and deleted text is struck through

Part

INSURANCE – SUPERVISED RUN-OFF

Chapter content

...

5. THIRD COUNTRY BRANCHES [DELETED]

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

material transaction

means a transaction (when aggregated with any similar transactions) in which:

...

exceeds:

- (a) in the case of a *firm* which carries on *long-term insurance business*, but not *general insurance business*, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *linked long-term liabilities* and net of *reinsurance ceded*; ~~or~~
- (b) in the case of a *firm* which carries on *general insurance business*, but not *long-term insurance business*, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; or
- (c) in the case of a *firm* which carries on both *long-term insurance business* and *general insurance business*:
 - (i) where the transaction is in connection with the *firm's long-term insurance business*, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *linked long-term liabilities* and net of *reinsurance ceded*; and
 - (ii) in all other cases, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*;

...

3 CONTENT OF SCHEME OF OPERATIONS

3.1 In accordance with 3.2, a ~~scheme of operations~~ scheme of operations must:

- (1) describe the *firm's* run-off strategy;
- (2) include a description of the business underwritten by the *firm*;
- (3) in the case of *third country branch undertakings*, include financial projections (including appropriate scenarios and stress-tests) as follows:
 - (a) a forecast summary profit and loss account in accordance with 3.3; ~~and~~
 - (b) a forecast summary balance sheet in accordance with 3.4; ~~and~~
 - (c) ~~forecast MCR and SCR at the end of each financial year or part financial year;~~ [deleted.]

...

3.2 The information required by 3.1 must:

- (1) in the case of *third country branch undertakings*, reflect the nature and content of the rules relating to ~~eligible own funds~~ the valuation of assets and liabilities applicable to a *firm*;

...

3.4 The forecast summary balance sheet referred to in 3.1(3)(b) must contain the following information:

...

- (7) ~~technical provisions~~ the provisions referred to in Third Country Branches 6.1, gross and net of *reinsurance* analysed by accounting *class of insurance business* and separately identifying the provision for *linked long-term liabilities*, *unearned premiums*, *unexpired risks* and equalisation; and

...

5 THIRD COUNTRY BRANCHES [DELETED]

5.1 This Chapter applies to *third country branch undertakings*. [Deleted.]

5.2 In this Part, reference to "*SCR*", "*MCR*" and "*technical provisions*" is to be interpreted in accordance with Third Country Branches 10.2(1) to (3). [Deleted.]

Annex M

Amendments to the Run-off Operations Part

In this Annex new text is underlined and deleted text is struck through

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

material transaction

means a transaction (when aggregated with any similar transactions) in which:

...

exceeds:

- (a) in the case of a *firm* which carries on *long-term insurance business*, but not *general insurance business*, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *linked long-term liabilities* and net of *reinsurance ceded*; ~~or~~
- (b) in the case of a *firm* which carries on *general insurance business*, but not *long-term insurance business*, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; or
- (c) in the case of a *firm* which carries on both *long-term insurance business* and *general insurance business*:
 - (i) where the transaction is in connection with the *firm's long-term insurance business*, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *linked long-term liabilities* and net of *reinsurance ceded*; and
 - (ii) in all other cases, the sum of ~~€20,000~~£18,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*.

...

3 CONTENT OF A SCHEME OF OPERATIONS

3.1 In accordance with 3.2, a *scheme of operations* must:

...

- (3) include financial projections (including appropriate scenarios and stress-tests) as follows:
 - (a) a forecast summary profit and loss account in accordance with 3.3;
 - (b) a forecast summary balance sheet in accordance with 3.4; and
 - (c) for a *firm* other than a *third country branch undertaking*, forecast MCR and SCR at the end of each financial year or part financial year;

...

3.2 The information required by 3.1 must:

- (1) for a *firm* other than a *third country branch undertaking*, reflect the nature and content of the rules relating to *eligible own funds* applicable to a *firm*;
- (1A) for a *third country branch undertaking*, reflect the nature and content of the rules relating to the valuation of assets and liabilities applicable to a *third country branch undertaking*;

...

5 THIRD COUNTRY BRANCHES

- 5.1 This Chapter applies to *third country branch undertakings*.
- 5.2 In this Part, reference to “~~SCR~~”, “~~MCR~~” and “~~technical provisions~~” is to be interpreted in accordance with ~~Third Country Branches 10.2(1) to (3)~~ as a reference to the provisions referred to in Third Country Branches 6.1.

Annex N

Amendments to the Group Supervision Part

In this Annex, new text is underlined and deleted text is struck through.

Part

GROUP SUPERVISION

Chapter content

...

8. GROUP SOLVENCY: PROPORTIONAL SHARES

8A. CLASSIFICATION OF OWN-FUND ITEMS OF RELATED SOLVENCY II UNDERTAKINGS AT GROUP LEVEL

8B. CLASSIFICATION OF OWN-FUND ITEMS OF RELATED THIRD COUNTRY INSURANCE UNDERTAKING OR THIRD COUNTRY REINSURANCE UNDERTAKINGS AT GROUP LEVEL

8C. CLASSIFICATION OF OWN-FUND ITEMS OF INSURANCE HOLDING COMPANIES, MIXED FINANCIAL HOLDING COMPANIES, AND ANCILLARY SERVICES UNDERTAKINGS AT GROUP LEVEL

8D. CLASSIFICATION OF OWN-FUND ITEMS OF RESIDUAL RELATED UNDERTAKINGS

9. GROUP SOLVENCY: ELIMINATION OF DOUBLE USE OF ELIGIBLE OWN FUNDS AND INTRA-GROUP CREATION OF CAPITAL AND VALUATION

...

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

consolidated group SCR

means the *group SCR* of a *group* based on consolidated data calculated in accordance with 11.2.

...

Gibraltarian insurance undertaking

means an *undertaking* which:

- (1) has its head office in Gibraltar; and
- (2) is authorised by the Gibraltar Financial Services Commission to effect or carry out contracts of insurance under paragraph 24 of Schedule 2 to the Financial Services Act 2019 of Gibraltar.

group internal model

means an *internal model* used to calculate the *consolidated group SCR*, as well as the *SCR of Solvency II undertakings* in the *group*.

group supervisor

means (in relation to a *group*) the authority designated as group supervisor in relation to that *group*, being the *PRA* or the Gibraltar Financial Services Commission, as the case may be, ~~in accordance with Solvency II EEA implementing measures implementing Article 247 of the Solvency II Directive or in accordance with regulation 26 of the Solvency 2 Regulations.~~

...

investment firm

has the meaning given in section 424A of *FSMA*.

...

Part 9C rules

has the meaning given in section 143F(1) of *FSMA*.

...

Solvency II undertaking

means:

- (1) ~~a UK Solvency II firm~~ a Gibraltarian insurance undertaking as defined under Regulation 10(2) of The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019; or
- (2) ~~a Gibraltarian insurance undertaking~~ a Gibraltarian reinsurance undertaking as defined under Regulation 10(2) of The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019; or
- (3) ~~a UK Solvency II firm.~~

...

third country

means a territory or country other than the *United Kingdom* or Gibraltar.

third-country insurance undertaking

means an *undertaking*, other than a *Gibraltarian insurance undertaking*, that has its head office outside the *UK* and if its head office were situated in the *UK* would:

(1) need *Part 4A permission*; and

(2) satisfy the conditions set out in Insurance General Application 2.2.

third country reinsurance undertaking

means an *undertaking* other than a *Gibraltarian insurance undertaking* that pursues only the business of *reinsurance* and has its head office outside of the *UK* and if its head office were situated in the *UK* would:

(1) need *Part 4A permission*; and

(2) satisfy the conditions set out in Insurance General Application 2.2.

UCITS management company

has the same meaning as given to 'management company' in section 237 of *FSMA*.

...

2 CASES OF APPLICATION AND SCOPE OF GROUP SUPERVISION

...

- 2.3 Where the *PRA* as ~~group supervisor~~ has granted a *waiver* or where a *supervisory authority* which is the *group supervisor* has decided, in accordance with *Solvency II EEA implementing measures* implementing Article 214 of the *Solvency II Directive*, not to include an *undertaking* in the group supervision referred to in 2.1:

...

3 LEVELS

...

- 3.2 If the *PRA* is not the *group supervisor* and makes a decision to undertake group supervision at national level in accordance with Regulation 13 of the ~~*Solvency 2 Regulations*~~ then 4 to 19 apply with any necessary changes, subject to the relevant requirements of Regulations 13, 14 and 16 of the ~~*Solvency 2 Regulations*~~ and the following: group supervision of the ultimate *parent undertaking* at national level being restricted to those remaining rules of 4 to 19 if the *firm* is granted a *waiver* of such other sections as would otherwise apply to a *group*.
- (1) ~~group supervision of the ultimate *parent undertaking* at national level is restricted to those remaining rules of 4 to 19 if the *firm* is granted a *waiver* of such other sections as would otherwise apply to a *group*; and [deleted]~~
- (2) ~~no *firm* in the *group* may introduce, in accordance with 15.1(5), an application for permission to subject any *subsidiary undertakings* in the *group* to 15.3. [deleted]~~

4 GROUP SOLVENCY: GENERAL PROVISIONS

...

- 4.5 *Special purpose vehicles*, to which the *participating undertaking* or one of its *subsidiaries* has transferred risk shall be excluded from the calculation of group solvency in any of the following situations:

- (1) in the case of a UK ISPV, it complies with the requirements set out in [Articles 318 to 327 of the Commission Delegated Regulation (Solvency II) 2015/35]; and
- (2) in the case of a special purpose vehicle in Gibraltar or a third country, it is regulated by a supervisory authority in Gibraltar or a third country, and complies with requirements equivalent to those set out in [Articles 318 to 327 of the Commission Delegated Regulation (Solvency II) 2015/35].

For the purposes of this rule, [Articles 318 to 327 of the Commission Delegated Regulation (Solvency II) 2015/35] shall apply at the level of the group.

5 GROUP SOLVENCY: FREQUENCY OF CALCULATIONS

...

- 5.2 The relevant data for, and the results of, the calculations referred to in 4.1 and 4.2 must be submitted to the *group supervisor* by:
 - (1) the *participating Solvency II undertakings* referred to in 4.1, or by any one of them, in the case of the calculations referred to in 4.1; or
 - (2) ~~the UK holding company or such other undertaking in the group as may be determined by the group supervisor in accordance with regulation 15(1)(c) of the Solvency 2 Regulations or Solvency II EEA implementing measures implementing Article 219(1) of the Solvency II Directive~~ in the case of the calculations referred to in 4.2.

...

8 GROUP SOLVENCY: PROPORTIONAL SHARES

- 8.1 The calculation of the solvency of a *group* must take account of the proportional share held by the *participating undertaking* in its *related undertakings*.

[Note: Art. 221(1) of the *Solvency II Directive*]

- 8.2 For the purposes of 8.1, the proportional share must comprise either of the following, subject to 8.3:
 - (1) where *method 1* is used, the percentages used for the establishment of the consolidated accounts; or
 - (2) where *method 2* is used, the proportion of the subscribed capital that is held, directly or indirectly, by the *participating undertaking*.

[Note: Art. 221(1) of the *Solvency II Directive*]

- 8.3 Notwithstanding 8.2:
 - (1) where the *related undertaking* is a *subsidiary undertaking* and does not have sufficient *eligible own funds* to cover its *SCR*, the total *solvency deficit* of the *subsidiary undertaking* must be taken into account ~~(or a proportional share of that *solvency deficit*, if the *group supervisor* so determines under regulation 17(4) of the *Solvency 2 Regulations* or *Solvency II EEA implementing measures* implementing Article 221(1) of the *Solvency II Directive*); and~~

[Note: Art. 221(1) of the *Solvency II Directive*]

- (2) ~~the proportional share must be as determined by the *group supervisor* if such a determination is made under regulation 17(2) of the *Solvency 2 Regulations* or *Solvency II EEA implementing measures* implementing Article 221(1) of the *Solvency II Directive*, where any of the following applies:~~

- (a) if there are no capital ties between any of the *undertakings* in the *group*, an *undertaking* in the *group* must be treated as if it is a *participating undertaking* that holds a proportional share of 100% of each other *undertaking* in the *group* for the purposes of 8.1;
- (b) if a *participating undertaking* has a *participation* in another *undertaking* because it effectively exercises a significant influence over that *undertaking*, the proportional share that must be taken account for the purposes of 8.1 must be 100%; or
- (c) if a *participating undertaking* is a *parent undertaking* of another *undertaking* because it effectively exercises a dominant influence over that *undertaking*, the proportional share that must be taken account for the purposes of 8.1 must be 100%.

[Note: Art. 221(2) of the *Solvency II Directive*]

8A CLASSIFICATION OF OWN-FUND ITEMS OF RELATED SOLVENCY II UNDERTAKINGS AT GROUP LEVEL

8A.1 Where an *own funds* item has been classified into one of the three tiers based on the criteria set out in [Title I, Chapter IV, Section 2 of the Commission Delegated Regulation (Solvency II) 2015/35] by a *related Solvency II undertaking* that is included in the calculation of the group solvency, the *own funds* item shall be classified in the same tier at *group* level provided that all of the following additional requirements are met:

- (1) the *Solvency II undertakings* comply with the requirements set out in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35]; and
- (2) the *own funds* item is free from encumbrances and is not connected with any other transaction, which when considered with the *own funds* item, could result in that *own funds* item not satisfying the requirements set out in Own Funds 3.1 to 3.3 at *group* level.

8A.2 For the purposes of point (1) of 8A.1:

- (1) the term 'Solvency Capital Requirement' in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean both the *SCR* of the *related undertaking* that has issued the *own funds* item and the *group SCR*;
- (2) the term 'Minimum Capital Requirement' in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean both the *MCR* of the *undertaking* that has issued the *own funds* item and one of the following minimums:
 - (a) where *method 1* is used, the minimum for the *group SCR* as calculated in accordance with 11.3(2), or
 - (b) where a combination of *method 1* and *method 2* is used, the minimum determined in accordance with 10.7.

8A.3 For the purposes of point (2) of 8A.1, *own funds* items which are issued by *insurance holding companies* and *mixed financial holding companies* in the *group* shall not be considered to be free from encumbrances unless the claims relating to those *own funds* items rank after the claims of all *policyholders* and *beneficiaries* of the *Solvency II undertakings* belonging to the *group*.

8A.4 For the purposes of this Chapter, the term 'insurance or reinsurance undertaking' in [Title I, Chapter IV, Section 2 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean both the *participating Solvency II undertakings* and the *Solvency II undertakings* belonging to the *group* that has issued the *own funds* item.

8A.5 Notwithstanding 8A.1, where a *related Solvency II undertaking* has included in *Tier 2 own funds* an *own funds* item which would qualify for inclusion in *Tier 1 own funds* in accordance

with [Article 73(1)(j) of the Commission Delegated Regulation (Solvency II) 2015/35], that classification shall not prohibit the classification of the same *own funds* item in *Tier 1 own funds* at *group* level, provided that the limit set out in [Article 82(3) of the Commission Delegated Regulation (Solvency II) 2015/35] are complied with at *group* level.

8B CLASSIFICATION OF OWN-FUND ITEMS OF RELATED THIRD COUNTRY INSURANCE UNDERTAKING OR THIRD COUNTRY REINSURANCE UNDERTAKINGS AT GROUP LEVEL

8B.1 Where an own funds item has been issued by a related *third country insurance undertaking* or *third country reinsurance undertaking*, the *participating undertaking* shall classify the own funds item using the criteria for classification set out in [Title I, Chapter IV, Section 2 of the Commission Delegated Regulation (Solvency II) 2015/35] provided that all of the following additional requirements are met:

- (1) the *third country insurance undertakings* or *third country reinsurance undertakings* comply with the requirements set out in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35]; and
- (2) the own funds item is free from encumbrances and is not connected with any other transaction, which when considered with the own funds item, could result in that own funds item not satisfying the requirements set out in Own Funds 3.1 to 3.3 at *group* level.

8B.2 For the purposes of point (1) of 8B.1:

- (1) the term 'Solvency Capital Requirement' in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean the *group SCR*;
- (2) the term 'Minimum Capital Requirement' in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean both the capital requirement, as laid down by the *third country* supervisory authority concerned, of the *undertaking* which has issued the own funds item and one of the following minimums:
 - (a) where *method 1* is used, the minimum for the *group SCR* as calculated in accordance with 11.3(2); or
 - (b) where a combination of *method 1* and *method 2* is used, the minimum determined in accordance with 10.7.

8B.3 For the purposes of point (2) of 8B.1, own funds items which are issued by *insurance holding companies* and *mixed financial holding companies* in the *group* shall not be considered to be free from encumbrances unless the claims relating to those own funds items rank after the claims of all *policyholders* and *beneficiaries* of the *Solvency II undertakings* belonging to the *group*.

8C CLASSIFICATION OF OWN-FUND ITEMS OF INSURANCE HOLDING COMPANIES, MIXED FINANCIAL HOLDING COMPANIES, AND ANCILLARY SERVICES UNDERTAKINGS AT GROUP LEVEL

8C.1 Where an own funds item has been issued by an *insurance holding company*, a *mixed financial holding company*, an *intermediate holding company* or an *ancillary services undertaking* in the *group*, the own funds item must be classified using the criteria for classification set out in [Title I, Chapter IV, Section 2 of the Commission Delegated Regulation (Solvency II) 2015/35] provided that all of the following requirements are met:

- (1) *undertakings* comply with the requirements set out in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35];

(2) the *own funds* item is free from encumbrances and is not connected with any other transaction, which when considered with the *own funds* item, could result in that *own funds* item not satisfying the requirements set out in Own Funds 3.1 to 3.3 at *group* level.

8C.2 For the purposes of point (1) of 8C.1:

(1) the term 'Solvency Capital Requirement' in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean the *group SCR*;

(2) the term 'Minimum Capital Requirement' in [Articles 71, 73 and 77 of the Commission Delegated Regulation (Solvency II) 2015/35] includes both non-compliance with the relevant minimum referred to in 8A.2(2) and the insolvency of the *insurance holding company, mixed financial holding company, intermediate holding company* or *ancillary services undertaking*.

8C.3 For the purposes of this Chapter, the term 'insurance or reinsurance undertaking' in [Title I, Chapter IV, Section 2 of the Commission Delegated Regulation (Solvency II) 2015/35] shall mean the *insurance holding company, the mixed financial holding company, the intermediate holding company* or the *ancillary services undertaking* which has issued the *own funds* item.

8D CLASSIFICATION OF OWN-FUND ITEMS OF RESIDUAL RELATED UNDERTAKINGS

8D.1 The *own funds* items of *related undertakings* referred to in 11.1A(6) shall be considered as part of the reconciliation reserve at *group* level.

8D.2 Notwithstanding 8D.1, where practicable and where the *own funds* items referred to in 8D.1 materially affect the amount of *group own funds* or the *group* solvency, these *own funds* items must be classified into one of the three tiers based on the criteria set out in [Title I, Chapter IV, Section 2 of the Commission Delegated Regulation (Solvency II) 2015/35].

9 GROUP SOLVENCY: ELIMINATION OF DOUBLE USE OF ELIGIBLE OWN FUNDS AND INTRA-GROUP CREATION OF CAPITAL AND VALUATION

...

9.4 Subject to 9.4A and 9.4B, ~~where the PRA considers that~~ certain *own funds* eligible for the *SCR* of a *related Solvency II undertaking* (other than those referred to in 9.2 and 9.3) cannot effectively be made available to cover the *SCR* of the *participating Solvency II undertaking* for which the solvency of a *group* is calculated, those *own funds* must not be included in the calculation of the *group* solvency of the *group* unless they are, and only in so far as they are, eligible for covering the *SCR* of the *related undertaking*.

[Note: Art. 222(3) of the *Solvency II Directive*]

9.4A The following items of a *related undertaking* that is a *Solvency II undertaking, third country insurance undertaking* or *third country reinsurance undertaking, insurance holding company* or *mixed financial holding company* shall be assumed not to be effectively available to cover the *group SCR*:

(1) *ancillary own funds*;

(2) preference shares, subordinated mutual members account and subordinated liabilities;

(3) an amount equal to the value of net deferred tax assets; for this purpose, the amount of deferred tax asset may be reduced by the amount of the associated deferred tax liability provided that those deferred tax assets and associated deferred tax liabilities both arise from the tax law of the *UK, Gibraltar* or *third country* and the taxation authority of the *UK, Gibraltar* or that *third country* permits such offsetting.

9.4B The following items of a *related undertaking* that is a *Solvency II undertaking, third country insurance undertaking or third country reinsurance undertaking, insurance holding company or mixed financial holding company* shall in any case not be considered as effectively available to cover the *group SCR*:

- (1) any minority interest in a *subsidiary* exceeding the contribution of that *subsidiary* to the *group SCR*, where the *subsidiary* is a *Solvency II undertaking, a third country insurance undertaking or third country reinsurance undertaking, an insurance holding company or a mixed financial holding company*;
- (2) any minority interest in a *subsidiary ancillary services undertaking*;
- (3) any restricted *own funds* item in ring-fenced funds as referred to in [Article 80 of the Commission Delegated Regulation (Solvency II) 2015/35].

9.4C Where an *own funds* item of a *related undertaking* that is a *Solvency II undertaking, third country insurance undertaking or third country reinsurance undertaking, insurance holding company or mixed financial holding company* cannot effectively be made available to cover the *group SCR*, this *own funds* item may only be included in the calculation of group solvency up to the contribution of that *related undertaking* that is a *Solvency II undertaking, third country insurance undertaking or third country reinsurance undertaking, insurance holding company or mixed financial holding company* to the *group SCR*.

9.4D Where a *related undertaking* that is a *Solvency II undertaking, third country insurance undertaking or third country reinsurance undertaking, insurance holding company or mixed financial holding company* is included in the consolidated data pursuant to points (1) or (3) of 11.1A, its contribution to the *consolidated group SCR* shall reflect diversification benefits and be calculated as follows:

- (1) where the *consolidated group SCR* is calculated, in relation to that *related undertaking*, on the basis of the *standard formula*, the proportional share of the *SCR* of that *related undertaking* multiplied by a percentage corresponding to the proportion that the diversified component of the *consolidated group SCR*, as laid down in 11.2A(1), bears to the sum of the *SCR* of each of the *undertakings* included in the calculation of that diversified component of the *consolidated group SCR*;
- (2) where the *consolidated group SCR* is calculated, in relation to that *related undertaking*, on the basis of an *internal model*, the *SCR* of that *related undertaking* multiplied by a percentage corresponding to the proportion of the *diversification effects at group level* that are attributed to that *related undertaking*, determined by that *internal model*.

9.4E In each of 9.4D(1) and (2), the sum of the percentages referred to for all the *related undertakings* that are *Solvency II undertakings, insurance holding companies or mixed financial holding companies* included in the consolidated calculation must equal 100%.

...

10 GROUP SOLVENCY: APPLICATION OF THE CALCULATION METHODS

10.1 Where a *Solvency II undertaking* has more than one *related Solvency II undertaking*, the group solvency calculation of the *group* must be carried out by including each of those *related Solvency II undertakings*.

[Note: Art. 225 of the *Solvency II Directive*]

10.1A Unless the book value of the relevant *related undertaking* has been deducted from the *own funds eligible for the group SCR* pursuant to 10.6, the calculation of the *group solvency* shall include all of the following:

- (1) the capital requirements for *related undertakings* which are *credit institutions, investment firms* or *financial institutions* and the own funds items of those *undertakings* calculated in accordance with *Part 9C rules* or the [UK law which implemented Directive 2013/36/EU];
- (2) the capital requirements for *related undertakings* which are *institutions for occupational retirement provision* and the own funds items of those *undertakings* calculated according to [the UK law which implemented Articles 17 to 17c of Directive 2003/41/EC];
- (3) the capital requirements for *related undertakings* which are *UCITS management companies* calculated in accordance with [the UK law which implemented Article 7(1)(a) of Directive 2009/65/EC] and the own funds of those *undertakings* calculated in accordance with [the UK law which implemented point 1 of Article 2(1) of that Directive];
- (4) the capital requirements for *related undertakings* which are *alternative investment fund managers* calculated in accordance with [the UK law which implemented Article 9 of Directive 2011/61/EU] and the own funds of those *undertakings* calculated in accordance with [the UK law which implemented Article 4(1)(ad) of that Directive]; and
- (5) the notional capital requirements and the own funds items of *related undertakings* which are *non-regulated undertakings carrying out financial activities*, where the notional capital requirement is the capital requirement with which the *related undertaking* would have to comply under the relevant sector rules if the *undertaking* were a *regulated entity*.

...

10.4

...

- (2) If the ~~third country~~third country in which that *third country insurance undertaking* or *third country reinsurance undertaking* has its head office makes it subject to authorisation and imposes on it a solvency regime that is assessed to be equivalent under Article 379A of the *delegated act*, the calculation in (1) must take into account, as regards that *undertaking*, the requirement equivalent to the SCR and the capital items eligible to satisfy that requirement as laid down by that ~~third country~~third country.

[Note: Art. 227 of the *Solvency II Directive*]

...

10.6 Where the information necessary for calculating the group solvency of a *Solvency II undertaking* in a *group*, concerning a *related undertaking* ~~with its head office in the UK or Gibraltar or a third country~~, is not available to the *group supervisor* then:

- (1) the book value of that *related undertaking* in the *participating Solvency II undertaking* must be deducted from the *own funds eligible for the group SCR*; and
- (2) the unrealised gains connected with that *participation* must not be recognised as *own funds eligible for the group SCR*.

[Note: Art. 229 of the *Solvency II Directive*]

10.7 Where the *group* applies a combination of *method 1* and *method 2*, the *consolidated group SCR* calculated for the part of the *group* which is covered by *method 1* shall have a minimum determined in accordance with the requirements set out in 11.3.

11 CALCULATION METHODS: METHOD 1

...

11.1A Consolidated data for the calculation of group solvency according to *method 1* shall consist of all of the following:

- (1) full consolidation of data of all the *Solvency II undertakings, third country insurance undertaking or third country reinsurance undertakings, insurance holding companies, mixed financial holding companies and ancillary services undertakings* which are *subsidiaries of the parent undertaking*;
 - (2) full consolidation of data of *special purpose vehicles* to which the *participating undertaking* or one of its *subsidiaries* has transferred risk and which are not excluded from the scope of the group solvency calculation pursuant to 4.5;
 - (3) proportional consolidation of data of the *Solvency II undertakings, third country insurance undertakings or third country reinsurance undertakings, insurance holding companies, mixed financial holding companies and ancillary services undertakings* managed by an *undertaking* referred to in point (1) together with one or more *undertakings* not included in point (1), where those *undertakings'* responsibility is limited to the share of the capital they hold;
 - (4) on the basis of the adjusted equity method in accordance with [Article 13(3) of the Commission Delegated Regulation (Solvency II) 2015/35], data of all holdings in *related undertakings* that are *Solvency II undertakings, third country insurance undertakings or third country reinsurance undertakings, insurance holding companies, mixed financial holding companies* which are not *subsidiaries of the parent undertaking* and which are not covered by points (1) and (3);
 - (5) the proportional share of the own funds of *related undertakings*, calculated as follows:
 - (a) in relation to *credit institutions, investment firms and financial institutions*, in accordance with *Part 9C rules* or [the *UK law* which implemented Directive 2013/36/EU];
 - (b) in relation to *alternative investment fund managers*, in accordance with [the *UK law* which implemented Article 4(1)(ad) of Directive 2011/61/EU];
 - (c) in relation to *UCITS management companies*, in accordance with [the *UK law* which implemented point 1 of Article 2(1) of Directive 2009/65/EC];
 - (d) in relation to *institutions for occupational retirement provision*, in accordance with [the *UK law* which implemented Articles 17 to 17c of Directive 2003/41/EC]; and
 - (e) according to the own funds items of *non-regulated undertakings carrying out financial activities*; and
 - (6) in accordance with [Article 13 of the Commission Delegated Regulation (Solvency II) 2015/35], data of all *related undertakings*, including *ancillary service undertakings, collective investment undertakings* and investments packaged as funds, other than those referred to in points (1) to (5) of this rule.
- 11.1B Notwithstanding point (4) of 11.1A data of *related undertakings* linked by a *common management relationship* shall be included in accordance with points (1), (3), (4), (5) or (6) of 11.1A on the basis of the proportional share as referred to in Chapter 8.
- 11.1C For the purposes of the calculation of the consolidated *group own funds*, the data referred to in 11.1A and 11.1B shall be net of any *intra-group transaction*.
- 11.1D The consolidated *best estimate of technical provisions* on the basis of the consolidated data shall be equal to the sum of the following:
- (1) the *best estimate* of the *participating Solvency II undertakings* calculated in accordance with the Valuation and Technical Provisions Parts; and
 - (2) the proportional share referred to in 8.2(1) of the *best estimate*, calculated in accordance with the Valuation and Technical Provisions Parts, of *related undertakings* that are

Solvency II undertakings and third country insurance undertakings or third country reinsurance undertakings referred to in 11.1A(1) and (3).

11.1E For the purposes of 11.1D the best estimates of the participating Solvency II undertaking and of each related undertaking that is a Solvency II undertaking, third country insurance undertaking and third country reinsurance undertaking shall be net of any intra-group transactions. In relation to intra-group reinsurance contracts, all of the following adjustments shall be made:

- (1) the best estimate of the undertaking that accepts risks shall not include the cash flows arising from the obligations of the intra-group reinsurance contracts;
- (2) the undertaking that cedes the risk shall not recognise the amounts recoverable from the intra-group reinsurance contracts.

11.1F For the purposes of 11.1D, the participating Solvency II undertaking may restrict the documentation and the directory of data referred to in [Article 265 of the Commission Delegated Regulation (Solvency II) 2015/35] to the data used in the calculation of the adjustments of the best estimate referred to in 11.1E.

11.1G The consolidated risk margin of technical provisions on the basis of the consolidated data shall be equal to the sum of the following:

- (1) the risk margin of the participating Solvency II undertakings; and
- (2) the proportional share, as referred to in 8.2(1), of the risk margin of the related undertakings that are Solvency II undertakings and third country insurance undertakings or third country reinsurance undertakings referred to in 11.1A(1) and (3).

11.2 The ~~group SCR of a group based on consolidated data (consolidated group SCR)~~ consolidated group SCR must be calculated on the basis of either the standard formula or an ~~approved~~ internal model for which internal model permission has been granted, in a manner consistent with the general principles contained in the SCR Rules.

[Note: Art. 230(2) of the *Solvency II Directive*]

11.2A The consolidated group SCR shall be calculated as the sum of the following:

- (1) an SCR calculated on the basis of consolidated data as referred to in points (1) to (3) of 11.1A, data of collective investment undertakings and investments packaged as funds which are subsidiaries of the parent undertaking, following the rules laid down in the Solvency Capital Requirement - General Provisions, Solvency Capital Requirement – Internal Models and Solvency Capital Requirement – Standard Formula Parts;
- (2) the proportional share of the SCR of each undertaking referred to in 11.1A(4); for a related undertaking that is a third country insurance undertaking or third country reinsurance undertaking which is not a subsidiary the SCR shall be calculated as if that undertaking had its head office in the UK;
- (3) for undertakings referred to in 11.1A(5), the proportional share of the capital requirements of related undertakings, calculated as follows:
 - (a) in relation to credit institutions, investment firms and financial institutions, in accordance with Part 9C rules or [the UK law which implemented Directive 2013/36/EU];
 - (b) in relation to alternative investment fund managers, in accordance with [the UK law which implemented Article 9 of Directive 2011/61/EU];
 - (c) in relation to UCITS management companies, in accordance with [the UK law which implemented Article 7(1)(a) of Directive 2009/65/EC];

- (d) in relation to *institutions for occupational retirement provision*, in accordance with [the UK law which implemented Articles 17 to 17(c) of Directive 2003/41/EC]; and
- (e) in relation to *non-regulated undertakings carrying out financial activities*, according to the notional capital requirement which is the capital requirement with which the *related undertaking* would have to comply under the relevant sector rules if the *undertaking* were a *regulated entity*;
- (4) for *undertakings* referred to in 11.1A(6), other than *undertakings* covered by point (5) of this rule, the amount determined in accordance with [Article 13, Articles 168 to 171a, Articles 182 to 187 and Article 188 of the Commission Delegated Regulation (Solvency II) 2015/35]; and
- (5) for related *collective investment undertakings* or investments packaged as funds referred to in 11.1A(1)(6) which are not subsidiaries of the *participating Solvency II undertakings*, and to which [Article 84(1) of the Commission Delegated Regulation (Solvency II) 2015/35] is applied at solo level, the amount determined in accordance with [Title I, Chapter V and Article 84(1) of the Commission Delegated Regulation (Solvency II) 2015/35].
- 11.2B Where the *consolidated group SCR* is calculated, wholly or in part, on the basis of the *standard formula*, the local currency referred to in [the first paragraph of Article 188 of the Commission Delegated Regulation (Solvency II) 2015/35] shall be the currency used for the preparation of the consolidated accounts.
- 11.2C Notwithstanding 11.2B, where a material amount of the consolidated *technical provisions* or the consolidated *group own funds* is denominated in a currency other than the one used for the preparation of the consolidated accounts, that currency may be considered as the local currency referred to in the [first paragraph of Article 188 of the Commission Delegated Regulation (Solvency II) 2015/35].

11.3

- (1) ~~The consolidated group SCR~~ consolidated group SCR of a *group* must have as a minimum the sum of the following:
- (a) the *MCR* of the *participating Solvency II undertaking*; and
 - (b) the proportional share of the *MCR* of the *related Solvency II undertakings*.
- (2) That minimum must be covered by *eligible own funds* within paragraph 2 of the definition of "*eligible own funds*".
- (3) For the purposes of determining whether those *eligible own funds* qualify to cover the minimum ~~consolidated group SCR~~ consolidated group SCR of a *group*, the principles in 8 to 10 apply with any necessary changes. Undertakings In Difficulty 3 also applies with any necessary changes.

[Note: Art. 230(2) of the *Solvency II Directive*]

- 11.4 Any application for permission to ~~use a *group internal model* to calculate the consolidated group SCR, as well as the SCR of Solvency II undertakings in the group, on the basis of an *internal model*~~, submitted by a *Solvency II undertaking* and its *related undertakings*, or jointly by the *related Solvency II undertakings* of an *insurance holding company* or a *mixed financial holding company*, must be submitted to the *group supervisor*.

[Note: Art. 231(1) of the *Solvency II Directive*]

- 11.5 Where an *internal model* is used to calculate the *consolidated group SCR* in accordance with 11.2, the requirements set out in Solvency Capital Requirement – Internal Models 10 shall be complied with by all of the following *undertakings*:

- (1) the participating undertaking which calculates the consolidated group SCR on the basis of the internal model;
- (2) each related Solvency II undertaking whose business is fully or partly in the scope of the internal model, only in relation to the output of the internal model at group level; and
- (3) each related undertaking that is an insurance holding company or a mixed financial holding company whose business is fully or partly in the scope of the internal model, only in relation to the output of the internal model at group level.

11.6 Where a group internal model is used, in addition to 11.5, the requirements set out in Solvency Capital Requirement – Internal Models 10 shall be complied with by:

- (1) each participating Solvency II undertaking in relation to the output of the internal model at the level of that undertaking; and
- (2) each related Solvency II undertaking which calculates its SCR on the basis of the group internal model, at the level of the undertaking.

11.7 For the purposes of 11.5 and 11.6, a Solvency II undertaking or insurance holding company or mixed financial holding company shall only comply with the requirements set out in Solvency Capital Requirement – Internal Models 10.8 and 10.9 in relation to the parts of the internal model which cover the risks of that undertaking and the risks of its related undertakings.

12 CALCULATION METHODS: METHOD 2

...

12.6 The aggregated own funds eligible for the group SCR shall be adjusted to eliminate the impact of an intra-group transaction where the impact of the intra-group transaction affects the best estimates of the Solvency II undertakings in such way that the amount set out in 12.7 is different depending on whether the intra-group transaction is eliminated in the calculation of that amount or not.

12.7 The amount referred to in 12.6 shall be the sum of the following:

- (1) the best estimate of the participating Solvency II undertakings calculated in accordance with the Valuation and Technical Provisions Parts; and
- (2) the proportional share as referred to in 8.2(2) of the best estimate, calculated in accordance with the Valuation and Technical Provisions Parts for each related undertaking that is Solvency II undertaking, a third country insurance undertaking or a third country reinsurance undertaking.

13 CALCULATION METHODS: CAPITAL ADD-ONS

...

13.1A The relevant insurance group undertakings must make all reasonable efforts to remedy the residual model limitation that led to the imposition of a capital add-on arising as a result of an internal model residual deviation at the level of the group.

13.1B A relevant insurance group undertaking must, upon request by the PRA as group supervisor, submit a progress report to the PRA as group supervisor setting out the measures taken, and the progress made, to remedy the deficiencies that led to the imposition of a capital add-on arising as a result of an internal model residual deviation, an internal model significant risk profile deviation or a significant system of governance deviation at the level of the group.

...

14 SUPERVISION OF GROUP SOLVENCY FOR SOLVENCY II FIRMS THAT ARE SUBSIDIARIES OF AN INSURANCE HOLDING COMPANY OR A MIXED FINANCIAL HOLDING COMPANY

...

14.2 For the purposes of applying the provisions set out in 14.1, where the parent *insurance holding company* or *mixed financial holding company* has issued subordinated debt or has other *eligible own funds* subject to the limits set out in Own Funds 4.1 and 4.2, Group Supervision 10.3 shall apply.

...

16 RISK CONCENTRATION AND INTRA-GROUP TRANSACTIONS

...

16.1A For the purposes of identifying significant risk concentrations, *participating Solvency II undertakings, insurance holding companies* or *mixed financial holding companies* shall consider, at least, direct and indirect exposures of *undertakings* in the *group* to all of the following:

- (1) individual counterparties;
- (2) groups of individual but interconnected counterparties, for example *undertakings* within the same corporate group;
- (3) specific geographical areas or industry sectors; and
- (4) natural disasters or catastrophes.

16.2

- (1) Where 2.1(1) or 2.1(2) applies, the *relevant insurance group undertakings* or any *UK holding company* must report on a regular basis, and at least annually, to the *group supervisor* all significant ~~intra-group transactions~~ *intra-group transactions* by *Solvency II undertakings* within a *group*, including those performed with a natural person with *close links* to an *undertaking* in the *group*.
- (2) Where an ~~intra-group transaction~~ *intra-group transaction* falling within (1) is very significant, it must be reported to the *group supervisor* as soon as practicable.

...

16.3 For the purposes of identifying significant *intra-group transactions, participating Solvency II undertakings, insurance holding companies* or *mixed financial holding companies* shall consider at least all of the following:

- (1) investments;
- (2) intercompany balances, including loans, receivables and arrangements to centralise the management of assets or cash;
- (3) guarantees and commitments such as letters of credit;
- (4) derivative transactions;
- (5) dividends, coupons, and other interest payments;
- (6) *reinsurance* operations;
- (7) provision of services or agreements to share costs; and
- (8) purchase, sale or lease of assets.

17 RISK MANAGEMENT AND INTERNAL CONTROL

...

17.3 Reporting 2.1 to ~~2.42.5B~~, 2.13 and the relevant provisions of Chapter 2A of the Reporting Part apply, with any necessary changes, to reporting information on a *group* to the PRA.

[Note: Art. 254(2) of the *Solvency II Directive*]

...

19 GROUP STRUCTURE

19.1 When 2.1(1) or 2.1(2) applies, *participating Solvency II undertakings* that are *firms* or, if there are none, the *relevant insurance group undertakings* must disclose publicly, at the level of the *group*, on an annual basis, the legal structure and the governance and organisational structure, including a description of all *subsidiaries*, material *related undertakings*, and ~~significant branches~~ *significant branches* belonging to the *group*.

[Note: Art. 256a of the *Solvency II Directive*]

20 THIRD COUNTRIES

20.1 When 2.1(3) applies, 4 to 14, 16 to 19 and External Audit 2 to 4 apply with any necessary changes at the level of the *insurance holding company* or *mixed financial holding company* which does not have its head office in the *UK* or Gibraltar, *third country insurance undertaking* or *third country reinsurance undertaking* unless:

- (1) ~~subject to 20.2, the third country~~ *third country* in which that *undertaking* has its head office is assessed to be equivalent under ~~provisions implementing Article 260 of the *Solvency II Directive*, Article 380 and Article 380A of the *delegated act*, or an equivalence direction under paragraph 12(1)(c) of Schedule 1 of The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019;~~ or
- (2) ~~in the absence of equivalent group supervision referred to in Article 260 of the *Solvency II Directive*, the PRA has specified other methods in accordance with provisions implementing Article 262 of the *Solvency II Directive*, Article 380 and 380A of the *delegated act*, or an equivalence direction under paragraph 12 of Schedule 1 of The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019.~~ ~~[deleted].~~⁴

[Note: Art. 262 of the *Solvency II Directive*]

20.2 ~~20.1(1) does not apply where, in the case of temporary equivalence under Article 260(5) of the *Solvency II Directive*, there is a *Solvency II undertaking* in the *group* that has a balance sheet total that exceeds the balance sheet total of the *parent undertaking* situated outside of the *UK* and Gibraltar.~~ ~~[Deleted].~~

[Note: Art. 260(7) of the *Solvency II Directive*]

...

21 MIXED-ACTIVITY INSURANCE HOLDING COMPANIES

21.1 16.2 and ~~17.3~~ 16.3 apply, with any necessary changes, to *groups* falling within 2.1(4).

⁴ Proposed amendments to 20.1(2) were consulted on in the draft "PRA Rulebook: SII Firms: Reporting and Disclosure Instrument 20xx" accompanying CP 14/22 'Review of Solvency II: Reporting phase 2'. This proposed deletion of 20.1(2) would supersede those proposed amendments, which the PRA does not propose to make in the final version of the rulebook instrument.

[Note: Art. 265 of the *Solvency II Directive*]

21.2 Reporting 2.1 to 2.5B, 2.13 and the relevant provisions of Chapter 2A of the Reporting Part apply, with any necessary changes, to reporting information on a *group* falling within 2.1(4) to the *PRA*.

22 GROUP OPERATIONAL RESILIENCE

...

22.5 Where a *firm* is a member of a *group* covered by 2.1(3), 22.2, 22.3 and 22.4 do not apply if, ~~subject to 22.6,~~ the *third country* in which the *group's parent undertaking* has its head office is assessed to be equivalent under Article 260 of the ~~*Solvency II Directive*, Article 380 and 380A~~ of the *delegated act*, or an equivalence determination under paragraph 12(1)(c) of Schedule 1 of The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019.

22.6 ~~22.5 does not apply where, in the case of temporary equivalence under Article 260(5) of the *Solvency II Directive*, there is a *Solvency II undertaking* in the *group* that has a balance sheet total that exceeds the balance sheet total of the *parent undertaking* situated outside of the *UK* and *Gibraltar*. [Deleted.]~~

Annex O

Amendments to the Reporting Part

In this Annex new text is underlined and deleted text is struck through

Note: The changes being consulted on in this CP are highlighted in yellow and green. Other changes to the Reporting Part, which are not highlighted, were consulted on in CP 14/22 (Review of Solvency II: Reporting phase 2) and are shown for context but are not within the scope of this consultation. Changes highlighted in yellow and non-highlighted changes are shown relative to the current rulebook. Changes highlighted in green show the deletion of new text that was consulted on in CP 14/22 but which the PRA no longer proposes to introduce.

Highlighting in the table of contents below is explained in footnote [5].

Part

REPORTING⁵

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- 2A. REPORTING TO THE PRA: TECHNICAL STANDARDS
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- ARTICLE 8 ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - BASIC INFORMATION AND CONTENT OF SUBMISSION

⁵ Non-highlighted underlined text in this table of contents reflects the addition of new Chapters and Articles to the Reporting Part proposed in CP 14/22 (Review of Solvency II: Reporting phase 2). These changes are shown for context and are not within the scope of this consultation. Changes to the table of contents highlighted in yellow reflect the proposed addition of new Articles or changes to Article titles being consulted on in this CP. Changes to the table of contents highlighted in green reflect proposed deletions of text in Article titles being consulted on in this CP.

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1. APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II* firm; and
- (2) in accordance with General Application 3 and Group Supervision 1.1(2), the *Society*;
- (3) in accordance with General Application 3, *managing agents*, for the purposes of 7; and
- (4) a *UK holding company*⁶; and
- (5) a *third country branch undertaking* (other than a *Swiss general insurer*), in accordance with 1.3.

1.2 In this Part, the following definitions shall apply:

...

CIC code

means Complementary Identification Code.

...

1.3

- (1) In this Part, 2.1 to 2.5B, 2.7, 2.8A, 2.9, 2.13 and 2.14 and Articles 1 to 4 and 37 to 50 of Chapter 2A apply to *third country branch undertakings* (other than *Swiss general insurers*).
- (2) Except in respect of 2.2(2)(f) and Articles 49 and 50 of Chapter 2A, a *third country branch undertaking* must fulfil the applicable requirements in this Part taking account only of matters relevant to the operations effected by the *third country branch*.
- (3) In relation to *third country branch undertakings*, 2.2(2)(f) is to be read as referring only to the adequacy of the financial resources of the *firm*.

2. REPORTING TO THE PRA

...

2.2 The information referred to in 2.1 must:

- (1) be submitted in the applicable format or template (if any) provided in the *Solvency II Regulations* or the Reporting Part of the *PRA Rulebook* or in the form of any *national specific template* where applicable; and

...

...

2.5A As part of the information referred to in 2.1, a *firm* is required to submit to the *PRA* on a regular basis:

- (1) the *SFCR* (if applicable) to be disclosed in accordance with Chapters 3 to 6, together with any equivalent information disclosed publicly under other legal or regulatory requirements to which the *SFCR* refers;
- (2) the following reports:
 - (a) a report comprising the results of each *ORSA* performed, in accordance with Conditions Governing Business 3.8 to 3.11;

⁶ Please note that CP 14/22 (Review of Solvency II: Reporting phase 2) consulted on moving the definition of *UK holding company* to the Glossary from the Group Supervision part.

- (b) if the *firm* is a *third country branch undertaking*, a resolution report in accordance with Article 50 of Chapter 2A;
 - (c) for *firms* using an *internal model*, the qualitative information supporting template QMC.01 in accordance with Article 6(2) of Chapter 2A; and
 - (d) for *firms* using an *internal model*, the qualitative analysis supporting template AOC.01 in accordance with Articles 19 and 35 of Chapter 2A;
- (3) annual, semi-annual and quarterly quantitative templates in accordance with 2.6, 2.8, 2.8A and Chapter 2A.

2.5B⁷

- (1) A *firm* must submit the *ORSA* report referred to in 2.5A(2)(a) within 10 *business days* after concluding the *ORSA*.
- (2) A *firm* must submit the quarterly quantitative reporting templates referred to in Articles 6 and 37 of Chapter 2A, the qualitative information supporting template QMC.01 referred to in Article 6(2) of Chapter 2A and the quarterly *national specific template* referred to in 2.8 no later than 30 *business days* after the end of each quarter of the *firm's* financial year.
- (3) A *firm* must submit the semi-annual quantitative reporting templates referred to in Articles 7A and 38 of Chapter 2A no later than 30 *business days* after the end of each half of the *firm's* financial year.
- (4) A *firm* must submit the annual quantitative reporting templates referred to in Articles 8 to 18, Article 20 and Articles 39 to 49 of Chapter 2A and the annual *national specific templates* referred to in 2.6, 2.8 and 2.8A no later than 70 *business days* after the *firm's* financial year end.
- (5) A *firm* must submit the quarterly quantitative reporting templates referred to in Article 23 of Chapter 2A no later than 55 *business days* after the end of each quarter of the *group's* financial year.
- (6) A *firm* must submit the annual quantitative reporting templates referred to in Articles 25 to 34 of Chapter 2A no later than 100 *business days* after the *group's* financial year end.
- (7) A *firm* must submit annual quantitative reporting template AoC.01, and the qualitative analysis supporting template AoC.01, referred to in Article 19 of Chapter 2A no later than 70 *business days* after the *firm's* financial year end, commencing with the *firm's* first financial year end on or after 31 December 2025 or, if the *firm* first receives an *internal model permission* which takes effect after 31 December 2025, commencing with the *firm's* first financial year end after the date that *internal model permission* took effect.
- (8) A *firm* must submit annual quantitative reporting template AoC.01, and the qualitative analysis supporting template AoC.01, referred to in Article 35 of Chapter 2A no later than 100 *business days* after the *group's* financial year end, commencing with the *group's* first financial year end on or after 31 December 2025, or, if the *group* first receives an *internal model permission* which takes effect after 31 December 2025, commencing with the *group's* first financial year end after the date that *internal model permission* took effect.
- (9) A *third country branch undertaking* must submit the resolution report referred to in Article 50(1) of Chapter 2A no later than 70 *business days* after (i) the *firm's* first financial year end on or after 31 December 2024; and (ii) every third financial year end thereafter.

2.6 ...

⁷ There will be further consultation on the deadline for submission of the *SFCR* at a later date.

(5) A long-term insurer must submit:

...

- (d) NSR.02: With-Profits Assets and Liabilities for each ring-fenced fund which is also a *with-profits fund* and for the remaining part where this is a *with-profits fund* if net *best estimate* liabilities for *with-profits insurance business* are more than £500m for the *firm* as a whole; and
- (e) NS.05: Revenue Account—Life;[deleted.]
- (f) NSR.05 Revenue Account—Life for the remaining part and each ring-fenced fund which is also a with-profits fund if the firm has one or more ring-fenced funds which is also a with-profits fund;[deleted.]
- (g) NS.06: Business Model Analysis—Life if gross *technical provisions* for life business (including health similar to long-term business) are more than £500m; and [deleted.]
- (h) NS.09: Best Estimate Assumptions for Life Insurance Risks if gross best estimate liabilities for long-term insurance business, other than reinsurance, are more than £50m or gross written premiums for long-term insurance business, other than reinsurance, are more than £10m;

...

(6) A general insurer must submit template NS.07: Business Model Analysis – Non-life;[Deleted deleted.]

...

2.7 A firm falling within 2.6(2), or 2.6(3)(a) or 2.6(6) that does not have a *Part 4A permission* to effect contracts of insurance is not subject to the obligation to complete the corresponding national specific template.

2.8 The Society must submit to the PRA NS.13: The Society of Lloyd's Solvency Capital Requirement and Minimum Capital Requirement both on an annual basis and on a quarterly basis.

~~the following national specific templates:~~

- ~~(1) template NS.12: The Society of Lloyd's Solvency Capital Requirement on an annual basis; and~~
- ~~(2) template NS.13: The Society of Lloyd's Minimum Capital Requirement on a quarterly basis.~~

2.8A A third country branch undertaking falling within any of the categories in 2.6(2), 2.6(3), 2.6(4), 2.6(5)(a), 2.6(5)(c), 2.6(7) and 2.6(8) must submit to the PRA the corresponding national specific templates as set out in 2.6 taking account only of matters relevant to the operations effected by the third country branch.

2.9 For the purposes of 2.6 and 2.8, all amounts shown in units must be reported in UK sterling unless the national specific template expressly states otherwise. ~~[Deleted.]~~ Each national specific template referred to in 2.6 and 2.8 must be completed and submitted in accordance with the corresponding instructions set out in Chapter 8.

2.10 A firm shall submit the annual national specific templates referred to in 2.6 and 2.8(1), after the end of the transitional period set out in Transitional Measures 3.1, no later than 14 weeks after the firm's financial year end.[Deleted.]

- 2.11 ~~The Society shall submit the quarterly national specific templates referred to in 2.8(2) after the end of the transitional period set out in Transitional Measures 3.3, no later than 5 weeks after any quarter ending.~~[Deleted.]
- 2.12 ~~If the due date for the national specific template falls on a day which is not a business day, the documents must be submitted no later than the next business day after the due date.~~[Deleted.]
- 2.13
- (1) A firm, other than a friendly society, shall submit to the PRA, the information referred to in 2.5A(2) and (3) ~~the national specific templates referred to in 2.6 and 2.8~~ in electronic format.
- ...
- 2.14 Where a firm notifies the PRA that any of its ~~submissions of~~ national specific template submissions under 2.6, ~~and 2.8~~ or 2.8A is incorrect, or where the PRA notifies a firm that any part of the national specific template appears to be inaccurate or incomplete, the firm must promptly make any appropriate corrections or adjustments and if necessary re-submit the national specific template (or relevant part of it).

2A REPORTING TO THE PRA: TECHNICAL STANDARDS

I: GENERAL PROVISIONS AND SUPERVISORY REPORTING REQUIREMENTS

ARTICLE 1: APPLICATION

1. Articles 6 to 21 of this Chapter apply to firms other than third country branch undertakings.
2. Articles 23 to 36 of this Chapter apply to:
 - (a) firms or, where applicable, UK holding companies which are part of a group falling within Group Supervision 2.1(1) or Group Supervision 2.1(2), which are required to report information on a group to the PRA under the Group Supervision Part; and
 - (b) firms or, where applicable, UK holding companies which are part of a group under Group Supervision 2.1(3) in accordance with Group Supervision 20, which are required to report information on a group to the PRA under the Group Supervision Part.
3. Articles 37 to 50 of this Chapter apply to third country branch undertakings (other than Swiss general insurers).

ARTICLE 2: SUPERVISORY REPORTING FORMATS

1. Firms and, where applicable, UK holding companies, shall submit the information referred to in this Chapter in the appropriate data exchange formats and representations [determined in accordance with the Solvency II Regulations], the Reporting Part and the following specifications:
 - (a) data points with the data type 'monetary' shall be expressed in units with no decimals with the exception of templates S.06.02, S.08.01, and S.11.01, which shall be expressed in units with two decimals;
 - (b) data points with the data type 'percentage' shall be expressed as per unit with four decimals;
 - (c) data points with the data type 'integer' shall be expressed in units with no decimals;

- (d) all data points shall be expressed as positive values except in the following cases:
- (i) they are of an opposite nature from the natural amount of the item;
 - (ii) the nature of the data point allows for positive and negative values to be reported;
 - (iii) a different reporting format is required by the respective instructions set out in the Annexes.

ARTICLE 3: CURRENCY

1. For the purposes of this Chapter and Chapter 2, 'reporting currency' shall be:
 - (a) for individual reporting, the currency used for the preparation of the *firm's* financial statements;
 - (b) for group reporting, the currency used for the preparation of the consolidated financial statements.
2. Data points with the data type 'monetary' shall be reported in the reporting currency, which requires the conversion of any other currency into the reporting currency unless otherwise stated in this Chapter.
3. When expressing the value of any asset or liability denominated in a currency other than the reporting currency, the value shall be converted into the reporting currency as if the conversion had taken place at the closing rate on the last day for which the appropriate rate is available in the reporting period to which the asset or liability relates.
4.
 - (a) When expressing the value of any income or expense, the value shall be converted into the reporting currency using such basis of conversion as that used for accounting purposes.
 - (b) When expressing the values of historical data denominated in a currency other than the reporting currency, such values related to previous reporting periods shall be converted into the reporting currency based on the closing rate on the last day of the period being reported for which the conversion rate is available.
5. The conversion into the reporting currency shall be calculated by applying the exchange rate from the same source as that used for the *firm's* financial statements in the case of individual reporting or for the consolidated financial statements in the case of group reporting.

ARTICLE 4: RE-SUBMISSION OF DATA

Firms and, where applicable, *UK holding companies* shall re-submit as soon as practicable the information reported using the reports and templates referred to in this Chapter when the information originally reported has materially changed in relation to the same reporting period after the last submission to the *PRA*.

ARTICLE 4A: MATERIALITY

For the purposes of this Chapter, information to be submitted to the *PRA* in a report shall be considered material where its omission or misstatement could influence the decision-making or judgement of the *PRA*, and changes to information submitted to the *PRA* in a report or template shall be considered material if the change could influence the decision-making or judgement of the *PRA*.

II: QUANTITATIVE REPORTING TEMPLATES FOR INDIVIDUAL FIRMS

ARTICLE 5: QUANTITATIVE TEMPLATES FOR THE OPENING INFORMATION FOR INDIVIDUAL FIRMS

[Note: Provision left blank.]

ARTICLE 6: QUARTERLY QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS

-
1. Firms shall submit information to the PRA quarterly using the following templates (as applicable):
 - (a) template S.01.01.02 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;
 - (b) template S.01.02.01 of Chapter 9, specifying basic information on the firm and the content of reporting in general, following the instructions set out in section S.01.02 of Chapter 10;
 - (c) template S.02.01.02 of Chapter 9, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the delegated act⁸], following the instructions set out in section S.02.01 of Chapter 10;
 - (d)
 - (i) template S.05.03.02 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10;
 - (ii) template NS.07.01.02 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 10;
 - (e) subject to Article 10(1)(b) of this Chapter, template S.06.02.01 of Chapter 9, providing an item-by-item list of assets following the instructions set out in section S.06.02 of Chapter 10 and using the CIC code as set out in Chapter 13 and defined in Chapter 14;
 - (f) [Note: Provision left blank];
 - (g) subject to Article 10(1)(e) of this Chapter, template S.08.01.01 of Chapter 9, providing an item-by-item list of open positions of derivatives, following the instructions set out in section S.08.01 of Chapter 10 and using the CIC code as set out in Chapter 13 and defined in Chapter 14; and
 - (h) [Note: Provision left blank];
 - (i) [Note: Provision left blank];
 - (j) [Note: Provision left blank];
 - (k) template S.23.01.01 of Chapter 9, specifying information on own funds, following the instructions set out in section S.23.01 of Chapter 10;
 - (l) [Note: Provision left blank];
 - (m) [Note: Provision left blank];
 2. [Note: Provision left blank]. Firms using an internal model shall submit to the PRA quarterly template QMC.01 of Chapter 9, specifying information on model changes and supporting qualitative information, in accordance with the instructions set out in section QMC.01 of Chapter 10.

⁸ References to the *delegated act* in this Part shall be read as references to Commission Delegated Regulation (Solvency II) 2015/35.

ARTICLE 7: SIMPLIFICATIONS ALLOWED ON QUARTERLY REPORTING FOR INDIVIDUAL FIRMS

1. With regard to the information referred to in point (c) of Article 6(1), quarterly measurements may rely on estimates and estimation methods to a greater extent than measurements of annual financial data. The measurement procedures for the quarterly reporting shall be designed to ensure that the resulting information is reliable and complies with the standards laid down in laws of the *United Kingdom* and that all material information that is relevant for the understanding of the data is reported.

2. [Note: Provision left blank.]

ARTICLE 7A: SEMI-ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS

1. Firms shall submit information to the PRA semi-annually, at Quarter 2 and Quarter 4 of the financial year, using the following templates (as applicable):

(a) where the ratio of collective investments held by the firm to total investments is higher than 30%, template S.06.03.01 of Chapter 9, providing information on the look-through of all collective investments held by the firm, following the instructions set out in section S.06.03 of Chapter 10;

(b) template S.12.01.02 of Chapter 9, specifying information on the technical provisions (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10;

(c) template S.17.01.02 of Chapter 9, specifying information on non-life technical provisions for each line of business, following the instructions set out in section S.17.01 of Chapter 10.

2. When submitting the information referred to in points (b) and (c) of Article 7A(1) firms may apply simplified methods in accordance with the delegated act in the calculation of the technical provisions.

3. For the purposes of point (a) of paragraph 1, the ratio of collective investments held by the firm to total investments shall be determined by the sum of items C0010/R0180, collective investment undertakings included in item C0010/R0220 and collective investment undertakings included in item C0010/R0090 of template S.02.01.02, divided by the sum of items C0010/R0070 and C0010/R0220 of template S.02.01.02.

ARTICLE 8: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - BASIC INFORMATION AND CONTENT OF SUBMISSION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):

(a) template S.01.01.01 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;

(b) template S.01.02.01 of Chapter 9, specifying basic information on the firm and the content of the reporting in general, following the instructions set out in section S.01.02 of Chapter 10; and

(c) template S.01.03.01 of Chapter 9, specifying basic information on the ring-fenced funds and matching adjustment portfolios, following the instructions set out in section S.01.03 of Chapter 10.

ARTICLE 9: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - BALANCE SHEET AND OTHER GENERAL INFORMATION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.02.01.01 of Chapter 9, specifying balance sheet information using the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the delegated act and the valuation following the firm's financial statements, following the instructions set out in section S.02.01 of Chapter 10;
 - (b) template S.02.02.01 of Chapter 9, specifying information on assets and liabilities by currency, following the instructions set out in section S.02.02 of Chapter 10;
 - (c) where any of the following conditions apply, template S.03.01.01 of Chapter 9, specifying general information on off-balance sheet items, following the instructions set out in section S.03.01 of Chapter 10:
 - (i) the amount of either of the following values is higher than 2% of total assets as set out in template S.02.01.01 of Chapter 9:
 - (C0020/R0010) Value of guarantee/collateral/contingent liabilities - Guarantees provided by the firm, including letters of credit plus (C0020/R0300) Value of guarantee/collateral/contingent liabilities - Total collateral pledged plus (C0010/R0400) Maximum value - Total Contingent liabilities; or
 - (C0020/R0030) Value of guarantee/collateral/contingent liabilities - Guarantees received by the firm, including letters of credit plus (C0020/R0200) Value of guarantee/collateral/contingent liabilities - Total collateral held;
 - (ii) the firm has provided or received any unlimited guarantee;
 - (d) template S.03.02.01 of Chapter 9, providing a list of off-balance sheet unlimited guarantees received, following the instructions set out in section S.03.02 of Chapter 10;
 - (e) template S.03.03.01 of Chapter 9, providing a list of off-balance sheet unlimited guarantees provided, following the instructions set out in section S.03.03 of Chapter 10;
 - (f) template S.05.04.01 of Chapter 9, specifying activity by country, following the instructions set out in section S.05.04 of Chapter 10;
 - (g) [Note: Provision left blank];
 - (h)
 - (i) template S.05.03.01 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10;
 - (ii) template NS.07.01.01 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 10;
 - (i) template S.05.02.01 of Chapter 9, specifying information on premiums, claims and expenses by country, applying the valuation and recognition principles used in the firm's financial statements, following the instructions set out in section S.05.02 of Chapter 10; and
 - (j) where life premiums (excluding unit-linked premiums) written in the most recent reporting year exceed £1 billion, template NS.14.01.01 of Chapter 9, specifying excess capital generation, following the instructions set out in section NS.14.01 of Chapter 10.

ARTICLE 10: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - INVESTMENTS INFORMATION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) [Note: Provision left blank];
 - (b) where the firm is exempted from reporting template S.06.02.01 of Chapter 9 in relation to the last quarter in accordance with a direction given by the PRA under section 138A of FSMA, template S.06.02.01 of Chapter 9, providing an item-by-item list of assets, following the instructions set out in section S.06.02 of Chapter 10 and using the CIC code as set out in Chapter 13 and defined in Chapter 14;
 - (c) where the firm:
 - (i) is exempted from reporting template S.06.03.01 of Chapter 9 in relation to the last half-year in accordance with a direction given by the PRA under section 138A of FSMA; or
 - (ii) has not reported it semi-annually because the ratio of collective investments held by the firm to total investments (as referred to in Article 7A(1)(a) of this Chapter), is not higher than 30%,
template S.06.03.01 of Chapter 9, providing information on the look-through of all collective investments held by the firms, following the instructions set out in section S.06.03 of Chapter 10;
 - (d) [Note: Provision left blank];
 - (e) where the firms are is exempted from reporting template S.08.01.01 in relation to the last quarter in accordance with a direction given by the PRA under section 138A of FSMA, template S.08.01.01 of Chapter 9, providing an item-by-item list of open positions of derivatives, following the instructions set out in section S.08.01 of Chapter 10 and using the CIC code as set out in Chapter 13 and defined in Chapter 14;
 - (f) [Note: Provision left blank];
 - (g) template S.09.01.01 of Chapter 9, specifying information on income, gains and losses in the reporting period by asset category as defined in Chapter 12, following the instructions set out in section S.09.01 of Chapter 10;
 - (h) where the value of the underlying securities, on and off balance sheet, involved in lending or repurchase agreements, for contracts with maturity dates falling after the reporting reference date, represents more than 5% of the total investments as reported in items C0010/R0070 and C0010/R0220 of template S.02.01.01, template S.10.01.01 of Chapter 9, providing an item-by-item list of securities lending and repurchase agreements, on and off-balance sheet, following the instructions set out in section S.10.01 of Chapter 10; and
 - (i) where the ratio of the value of assets held as collateral to total balance sheet as reported in items C0010/R0500 of template S.02.01.01 exceeds 10%, template S.11.01.01 of Chapter 9, providing an item-by-item list of assets held as collateral, consisting of all types of off-balance sheet asset categories held as collateral, following the instructions set out in section S.11.01 of Chapter 10.

ARTICLE 11: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - TECHNICAL PROVISIONS INFORMATION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.12.01.01 of Chapter 9, specifying information on *technical provisions* (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10;
 - (b) template S.05.04.01 of Chapter 9, specifying activity by country, following the instructions set out in section S.05.04 of Chapter 10;
 - (c) template S.13.01.01 of Chapter 9, specifying information on the projection of *best estimate* future cash flows of the life business, following the instructions set out in section S.13.01 of Chapter 10;
 - (d) template S.14.01.01 of Chapter 9, specifying information on life obligations analysis, including life insurance and *reinsurance* contracts and annuities stemming from non-life contracts, by product ~~and by homogeneous risk group~~ issued by the *firm*, following the instructions set out in section S.14.01 of Chapter 10;
 - (e) template S.14.02.01 of Chapter 9, specifying information on non-life obligations analysis, by ~~line of business~~ *line of business* and specific product categories issued by the *firm*, following the instructions set out in section S.14.02 of Chapter 10;
 - (f) template S.14.03.01 of Chapter 9, specifying information on *cyber underwriting risk*, following instructions set out in section S.14.03 of Chapter 10;
 - (g) template S.16.01.01 of Chapter 9, specifying information on annuities stemming from non-life insurance obligations issued by the *firm* under direct insurance business ~~originating annuities~~, regarding all ~~lines of business~~ *lines of business originating annuities* and additionally by currency, following the instructions set out in section S.16.01 of Chapter 11 10; ~~The information by currency shall must only be reported where the *best estimate* for the annuity claims provisions on a discounted basis from one non-life *line of business* represents more than 3% of the total *best estimate* for all annuity claims provisions, with the following split:~~
 - ~~(i) amounts for the reporting currency;~~
 - ~~(ii) amounts for any currency that represents more than 25% of the *best estimate* for the annuity claims provisions on a discounted basis in the original currency from that non-life *line of business*;~~
 - ~~(iii) amounts for any currency that represents less than 25% of the *best estimate* for the annuity claims provisions (discounted basis) in the original currency from that non-life *line of business* but more than 5% of total *best estimate* for all annuity claims provisions;~~
 - (h) template S.17.01.01 of Chapter 9, specifying information on non-life *technical provisions* by *line of business*, following the instructions set out in section S.17.01 of Chapter 10;
 - (i) [Note: Provision left blank];
 - (j) template S.18.01.01 of Chapter 9, specifying information on the projection of future cash flows based on *best estimate* of the non-life business, following the instructions set out in section S.18.01 of Chapter 10;
 - (k) template S.19.01.01 of Chapter 9, specifying information on non-life insurance claims in the format of development triangles, for the total of each non-life *line of business* and additionally by currency, following the instructions set out in section S.19.01 of Chapter 10;

~~the information by currency shall only be reported where the total gross best estimate for one non-life line of business represents more than 3% of the total gross best estimate of the claims provision, with the following split:~~

~~(i) amounts for the reporting currency;~~

~~(ii) amounts for any currency that represents more than 25% of the gross best estimate of the claims provisions in the original currency from that non-life line of business;~~

~~(iii) amounts for any currency that represents less than 25% of the gross best estimate of the claims provisions in the original currency from that non-life line of business but more than 5% of total gross best estimate of the claims provisions in the original currency;~~

- (l) template S.20.01.01 of Chapter 9, specifying information on the development of the distribution of the claims incurred at the end of the financial year for each line of business, following the instructions set out in section S.20.01 of Chapter 10; and
- (m) [Note: Provision left blank];
- (n) template S.21.02.01 of Chapter 9, specifying information on the non-life underwriting risks, following the instructions set out in section S.21.02 of Chapter 10.
- (o) [Note: Provision left blank].

ARTICLE 12: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - LONG-TERM GUARANTEES INFORMATION

- 1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.22.01.01 of Chapter 9, specifying information on the impact of the long term guarantees and transitional measures, following the instructions set out in section S.22.01 of Chapter 10;
 - (b) template S.22.04.01 of Chapter 9, specifying information on the interest rate transitional measure, following the instructions set out in section S.22.04 of Chapter 10; and
 - ~~(c) template S.22.05.01 of Chapter 9, specifying information on the transitional measure on technical provisions, following the instructions set out in section S.22.05 of Chapter 10; and~~
 - ~~(d)~~(c) template S.22.067.01 of Chapter 9, specifying information on the best estimate subject to volatility adjustment by country and currency, following the instructions set out in section S.22.067 of Chapter 10.

ARTICLE 13: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - OWN FUNDS AND PARTICIPATIONS INFORMATION

- 1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.23.01.01 of Chapter 9, specifying information on own funds, following the instructions set out in section S.23.01 of Chapter 10;
 - (b) template S.23.02.01 of Chapter 9, providing detailed information on own funds by tiers, following the instructions set out in section S.23.02 of Chapter 10;
 - (c) template S.23.03.01 of Chapter 9, specifying information on annual movements on own funds, following the instructions set out in section S.23.03 of Chapter 10;

- (d) template S.23.04.01 of Chapter 9, providing a list of items on *own funds*, following the instructions set out in section S.23.04 of Chapter 10; and
- (e) template S.24.01.01 of Chapter 9, specifying information on *participations* held by the *firm* and an overview of the calculation for the deduction from *own funds* related to *participations* in financial and credit institutions, following the instructions set out in section S.24.01 of Chapter 10.

ARTICLE 14: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - SOLVENCY CAPITAL REQUIREMENT INFORMATION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.25.04.01 of Chapter 9, specifying information in relation to the calculation of the SCR, following the instructions set out in section S.25.04 of Chapter 10;
 - (b) where the *firm* uses a full *internal model* or a *partial internal model*, template S.25.05.01, specifying information in relation to the calculation of the SCR, following the instructions set out in section S.25.05 of Chapter 10;
 - (c) template S.25.06.01, specifying the SCR – loss-absorbing capacity of deferred tax, following the instructions set out in S.25.06 of Chapter 10;
 - (d) template S.26.01.01 of Chapter 9, specifying information on *market risk*, following the instructions set out in section S.26.01 of Chapter 10;
 - (e) template S.26.02.01 of Chapter 9, specifying information on counterparty default risk, following the instructions set out in section S.26.02 of Chapter 10;
 - (f) template S.26.03.01 of Chapter 9, specifying information on life *underwriting risk*, following the instructions set out in section S.26.03 of Chapter 10;
 - (g) template S.26.04.01 of Chapter 9, specifying information on health *underwriting risk*, following the instructions set out in section S.26.04 of Chapter 10;
 - (h) template S.26.05.01 of Chapter 9, specifying information on non-life *underwriting risk*, following the instructions set out in section S.26.05 of Chapter 10;
 - (i) template S.26.06.01 of Chapter 9, specifying information on *operational risk*, following the instructions set out in section S.26.06 of Chapter 10;
 - (j) template S.26.07.01 of Chapter 9, specifying information on the simplifications used in the calculation of the SCR, following the instructions set out in section S.26.07 of Chapter 10;
 - (k) template S.27.01.01 of Chapter 9, specifying information on SCR (non-life and health catastrophe risk), following the instructions set out in section S.27.01 of Chapter 10.
2. In relation to ring-fenced funds or *matching adjustment* portfolios, the templates referred to in points (d) to (k) of paragraph 1 shall not be reported for the entity as a whole.
3. Where a *partial internal model* is used, the templates referred to in points (d) to (k) of paragraph 1 shall only be reported in relation to the risks covered by the *standard formula*.
4. Where a full *internal model* is used, the templates referred to in points (d) to (k) of paragraph 1 shall not be reported.

ARTICLE 15: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - MINIMUM CAPITAL REQUIREMENT INFORMATION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) where firms carry on only long-term insurance business, general insurance business or reinsurance business, template S.28.01.01 of Chapter 9, specifying the MCR, following the instructions set out in section S.28.01 of Chapter 10;
 - (b) where firms carry on both long-term insurance business and general insurance business, template S.28.02.01 of Chapter 9, specifying information on the MCR, following the instructions set out in section S.28.02 of Chapter 10.

ARTICLE 16: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - VARIATION ANALYSIS INFORMATION

[Note: Provision left blank].

ARTICLE 17: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - REINSURANCE AND SPECIAL PURPOSE VEHICLES INFORMATION

1. Firms shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.30.05.01 of Chapter 9, specifying reinsurer and collateral provider entity information, following the instructions set out in section S.30.05 of Chapter 10;
 - (b) [Note: Provision left blank];
 - (c) template S.30.03.01 of Chapter 9, specifying information on the outgoing reinsurance program in the next reporting year covering prospective information on reinsurance treaties the period of validity of which includes or overlaps with the next reporting year, following the instructions set out in section S.30.03 of Chapter 10;
 - (d) template S.30.04.01 of Chapter 9, specifying information on the outgoing reinsurance program in the next reporting year covering prospective information on reinsurance treaties the period of validity of which includes or overlaps with the next reporting year, following the instructions set out in section S.30.04 of Chapter 10;
 - (e) template S.31.01.01 of Chapter 9, specifying information on the share of reinsurers, following the instructions set out in section S.31.01 of Chapter 10;
 - (f) [Note: Provision left blank];
 - (g) template S.30.06.01 of Chapter 9, specifying life reinsurance summary, following the instructions set out in section S.30.06 of Chapter 10;
 - (h) template S.30.07.01 of Chapter 9, specifying life reinsurance proportional cover, following the instructions set out in section S.30.07 of Chapter 10; and
 - (i) template S.30.08.01 of Chapter 9, specifying life reinsurance non-proportional cover following the instructions set out in section S.30.08 of Chapter 10.

ARTICLE 18: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - RING-FENCED FUNDS, MATERIAL MATCHING ADJUSTMENT PORTFOLIOS AND REMAINING PART INFORMATION

1. Firms shall submit information in relation to each material ring-fenced fund, each matching adjustment portfolio and the remaining part to the PRA annually using the following templates (as applicable):
 - (a) template SR.01.01.01 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;
 - (b) for each material ring-fenced fund and for the remaining part, template SR.02.01.01 of Chapter 9, specifying balance sheet information using both the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the delegated act and the valuation following the firm's financial statements, following the instructions set out in section S.02.01 of Chapter 10;
 - (c) template SR.12.01.01 of Chapter 9, specifying information on technical provisions (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10;
 - (d) template SR.17.01.01 of Chapter 9, specifying information on non-life technical provisions for each line of business following the instructions set out in section S.17.01 of Chapter 10;
 - (e) template SR.22.02.01 of Chapter 9, specifying information on the projection of future cash flows for the best estimate calculation by each material matching adjustment portfolio, following the instructions set out in section S.22.02 of Chapter 10;
 - (f) template SR.22.03.01 of Chapter 9, specifying information on the matching adjustment portfolios by each material matching adjustment portfolio, following the instructions set out in section S.22.03 of Chapter 10;
 - (g) where the firm uses the standard formula, template SR.25.04.01 of Chapter 9, specifying information in relation to the calculation of the notional SCR (ring-fenced funds, matching adjustment portfolios and remaining part), following the instructions set out in section S.25.04 of Chapter 10;
 - (h) where the firm uses a full internal model or a partial internal model, template SR.25.05.01 of Chapter 9, specifying information on the notional SCR (ring-fenced funds, matching adjustment portfolios, remaining part), following the instructions set out in section S.25.05 of Chapter 10;
 - (i) [Note: Provision left blank];
 - (j) template SR.26.01.01 of Chapter 9, specifying information on market risk, following the instructions set out in section S.26.01 of Chapter 10;
 - (k) template SR.26.02.01 of Chapter 9, specifying information on counterparty default risk, following the instructions set out in section S.26.02 of Chapter 10;
 - (l) template SR.26.03.01 of Chapter 9, specifying information on life underwriting risk, following the instructions set out in section S.26.03 of Chapter 10;
 - (m) template SR.26.04.01 of Chapter 9, specifying information on health underwriting risk, following the instructions set out in section S.26.04 of Chapter 10;
 - (n) template SR.26.05.01 of Chapter 9, specifying information on non-life underwriting risk, following the instructions set out in section S.26.05 of Chapter 10;
 - (o) template SR.26.06.01 of Chapter 9, specifying information on operational risk, following the instructions set out in section S.26.06 of Chapter 10;

- (p) template SR.26.07.01 of Chapter 9, specifying information on the simplifications used in the calculation of the **notional** SCR, following the instructions set out in section S.26.07 of Chapter 10;
 - (q) template SR.27.01.01 of Chapter 9, specifying information on **notional** SCR (non-life and health catastrophe risk), following the instructions set out in section S.27.01 of Chapter 10; and
 - (r) template SR.05.03.01 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10.
2. Where a *partial internal model* is used, the templates referred to in points (j) to (q) shall only be reported in relation to the risks covered by the *standard formula*.
 3. Where a full *internal model* is used, the templates referred to in points (j) to (q) shall not be reported.

ARTICLE 19: ANNUAL QUANTITATIVE TEMPLATES AND SUPPORTING ANALYSIS FOR INDIVIDUAL FIRMS - INTERNAL MODEL USERS ANALYSIS OF CHANGE

[Note: Provision left blank.] Firms using an *internal model* shall submit to the PRA annually template AoC.01 setting out the analysis of change referred to in Solvency Capital Requirement – Internal Models 13A, including both quantitative information and a supporting qualitative analysis, in accordance with the instructions set out in section AoC.01 of Chapter 10.

ARTICLE 20: ANNUAL QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - INTRA-GROUP TRANSACTIONS INFORMATION

1. Firms which are part of a *group* falling with Group Supervision 2.1(4) shall submit the information referred to in Group Supervision 16.2 to the PRA annually using the following templates (as applicable):
 - (a) template S.36.01.01 of Chapter 9, specifying information on significant *intra-group transactions*, involving equity-type transactions, debt and asset transfer, following the instructions set out in section S.36.01 of Chapter 10;
 - (b) template S.36.02.01 of Chapter 9, specifying information on significant *intra-group transactions* on derivatives, including the guarantees supporting any derivatives instruments, following the instructions set out in section S.36.02 of Chapter 10; and
 - (c) [Note: Provision left blank];
 - (d) template S.36.04.01 of Chapter 9, specifying information on significant *intra-group transactions* on internal cost sharing, contingent liabilities other than derivatives and off-balance sheet items and other types of *intra-group transactions*, following the instructions set out in section S.36.04 of Chapter 10.

ARTICLE 21: QUANTITATIVE TEMPLATES FOR INDIVIDUAL FIRMS - INTRA-GROUP TRANSACTIONS INFORMATION

1. Firms which are part of a *group* falling with Group Supervision 2.1(4) shall report:
 - (a) very significant *intra-group transactions* referred to in Group Supervision 16.2(2) as soon as practicable; and
 - (b) significant *intra-group transactions* referred to in Group Supervision 16.2(1) on a regular basis and at least annually,

to the *PRA* using the relevant templates among templates S.36.01.01 to S.36.04.01 of Chapter 9, following the instructions set out in section S.36.01 to S.36.04 of Chapter 10.

III: **QUANTITATIVE REPORTING TEMPLATES FOR GROUPS**

ARTICLE 22: QUANTITATIVE TEMPLATES FOR THE OPENING INFORMATION FOR GROUPS

[Note: Provision left blank];

ARTICLE 23: QUARTERLY QUANTITATIVE TEMPLATES FOR GROUPS

1. Firms and, where applicable, UK holding companies shall submit information to the PRA quarterly using the following templates (as applicable):
 - (a) template S.01.01.05 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 11;
 - (b) template S.01.02.04 of Chapter 9, specifying basic information on the group and the content of the reporting in general, following the instructions set out in section S.01.02 of Chapter 11;
 - (c) where, for the calculation of group solvency, the group uses method 1, either exclusively or in combination with method 2, template S.02.01.02 of Chapter 9, specifying balance sheet information using the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the delegated act, following the instructions set out in section S.02.01 of Chapter 11;
 - (d)
 - (i) S.05.03.02 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 11;
 - (ii) NS.07.01.02 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 11;
 - (e) template S.06.02.04 of Chapter 9, providing an item-by-item list of assets, following the instructions set out in section S.06.02 of Chapter 11 and using the CIC code as set out in Chapter 13 and defined in Chapter 14;
 - (f) where the ratio of collective investments held by the group to total investments is higher than 30%, template S.06.03.04 of Chapter 9, providing information on the look-through of all collective investments held by the group, following the instructions set out in section S.06.03 of Chapter 11; and
 - (g) template S.08.01.04 of Chapter 9, providing an item-by-item list of open positions of derivatives, following the instructions set out in section S.08.01 of Chapter 11 and using the CIC code as set out in Chapter 13 and defined in Chapter 14; and
 - (h) [Note: Provision left blank];
 - (i) template S.23.01.04 of Chapter 9, specifying information on own funds, following the instructions set out in section S.23.01 of Chapter 11.
2. For the purposes of point (f) of paragraph 1, where for the calculation of group solvency method 1 is used exclusively, the ratio of collective investments held by the group to total investments shall be determined by the sum of items C0010/R0180, collective investment undertakings included in item C0010/R0220 and collective investment undertakings included in item C0010/R0090 of template S.02.01.02, divided by the sum of items C0010/R0070 and C0010/R0220 of template S.02.01.02. Where, for the calculation of group solvency, method 1 is used in combination with method 2, or method 2 is used exclusively, the ratio shall be

calculated in accordance with the first sentence and adjusted in order to capture the required items of all entities included in the scope of template S.06.02.04 of Chapter 9.

3. Templates set out in point (e) and (f) of paragraph 1 shall be submitted at Quarter 4 of the ~~financial year~~ financial year only.

ARTICLE 24: SIMPLIFICATIONS ALLOWED ON QUARTERLY REPORTING FOR GROUPS

With regard to the information referred to in point (c) of Article 23(1), quarterly measurements may rely on estimates and estimation methods to a greater extent than measurements of annual financial data. The measurement procedures for the quarterly reporting shall be designed to ensure that the resulting information is reliable and complies with the standards laid down in the laws of the *United Kingdom* and that all material information that is relevant for the understanding of the data is reported.

ARTICLE 25: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - BASIC INFORMATION AND CONTENT OF SUBMISSION

1. Firms and, where applicable, UK holding companies shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.01.01.04 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 11;
 - (b) template S.01.02.04 of Chapter 9, specifying basic information on the group and the content of the reporting in general, following the instructions set out in section S.01.02 of Chapter 11;
 - (c) where, for the calculation of group solvency, the group uses method 1, either exclusively or in combination with method 2, template S.01.03.04 of Chapter 9, specifying basic information on the ring-fenced funds and matching adjustment portfolios, following the instructions set out in section S.01.03 of Chapter 11.

ARTICLE 26: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - BALANCE SHEET AND OTHER GENERAL INFORMATION

1. Firms and, where applicable, UK holding companies shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.02.01.01 of Chapter 9, specifying balance sheet information using both the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act* and the valuation following the consolidated financial statements, following the instructions set out in section S.02.01 of Chapter 11;
 - (b) template S.02.02.01 of Chapter 9, specifying information on assets and liabilities by currency, following the instructions set out in section S.02.02 of Chapter 11;
 - (c) where any of the following conditions apply, template S.03.01.04 of Chapter 9, specifying general information on off-balance sheet items, following the instructions set out in section S.03.01 of Chapter 11:
 - (i) the amount of either of the following values is higher than 2% of total assets as set out in template S.02.01.01 of Chapter 9:
 - (C0020/R0010) Value of guarantee/collateral/contingent liabilities - Guarantees provided by undertakings within the group, including letters of credit plus (C0020/R0300) Value of guarantee/collateral/contingent liabilities - Total collateral pledged plus (C0010/R0400) Maximum value - Total Contingent liabilities;

- (C0020/R0030) Value of guarantee/collateral/contingent liabilities - Guarantees received by undertakings within the group, including letters of credit plus (C0020/R0200) Value of guarantee/collateral/contingent liabilities - Total collateral held; or
 - (ii) any undertaking within the group has provided or received an unlimited guarantee;
 - (d) template S.03.02.04 of Chapter 9, providing a list of off-balance sheet unlimited guarantees received, following the instructions set out in section S.03.02 of Chapter 11;
 - (e) template S.03.03.04 of Chapter 9, providing a list of off-balance sheet unlimited guarantees provided, following the instructions set out in section S.03.03 of Chapter 11;
 - (f)
 - (i) template S.05.03.02 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 11;
 - (ii) template NS.07.01.02 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 11; and
 - (g) template S.05.02.01 of Chapter 9, specifying information on premiums, claims and expenses by country applying the valuation and recognition principles used in the consolidated financial statements, following the instructions set out in section S.05.02 of Chapter 11; and
 - (h) — where life premiums (excluding unit-linked premiums) written in the most recent reporting year exceed £1 billion, template NS.14.01 of Chapter 9, specifying excess capital generation, following the instructions set out in section NS.14 of Chapter 11;
2. The templates referred to in points (a) and (b) of paragraph 1 shall only be submitted by firms and, where applicable, UK holding companies which, for the calculation of group solvency, use method 1, either exclusively or in combination with method 2.

ARTICLE 27: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - INVESTMENTS INFORMATION

1. Firms and, where applicable, UK holding companies shall submit information to the PRA annually using the following templates (as applicable):
- (a) [Note: Provision left blank];
 - (b) [Note: Provision left blank];
 - (c) [Note: Provision left blank];
 - (d) [Note: Provision left blank];
 - (e) where the group is exempted from reporting template S.08.01.04 in relation to the last quarter in accordance with a direction given by the PRA under section 138A of FSMA, template S.08.01.04 of Chapter 9, providing an item-by-item list of open positions of derivatives, following the instructions set out in section S.08.01 of Chapter 11;
 - (f) [Note: Provision left blank];
 - (g) template S.09.01.04 of Chapter 9, specifying information on income, gains and losses in the reporting period by asset category as defined in Chapter 12, following the instructions set out in section S.09.01 of Chapter 11;
 - (h) where the ratio of the value of underlying securities, on and off balance sheet, involved in lending or repurchase agreements, for contracts with maturity dates falling after the reporting reference date, to the total investments is higher than 5%, template S.10.01.04 of

Chapter 9, providing an item-by-item list of securities lending and repurchase agreements on and off-balance sheet, following the instructions set out in section S.10.01 of Chapter 11; and

- (i) where the ratio of the value of assets held as collateral to total balance sheet as reported in items C0010/R0500 of template S.02.01.01 exceeds 10%, template S.11.01.04 of Chapter 9, providing an item-by-item list of assets held as collateral, consisting of all types of off-balance sheet asset categories held as collateral, following the instructions set out in section S.11.01 of Chapter 11.

2. [Note: Provision left blank].

3. For the purposes of point (h) of paragraph 1:

- (a) where for the calculation of group solvency *method 1* is used exclusively, the ratio shall be determined by the sum of the underlying securities, on and off balance sheet, involved in lending or repurchase agreements, for contracts with maturity dates falling after the reporting reference date, divided by the sum of items C0010/R0070 and C0010/R0220 of template S.02.01.01 of Chapter 9; and

- (b) Where, for the calculation of group solvency, *method 1* is used in combination with *method 2*, or *method 2* is used exclusively, the ratio shall be calculated in accordance with the first sentence and adjusted in order to capture the required items of all entities included in the scope of template S.06.02.04 of Chapter 9.

ARTICLE 28: ANNUAL QUANTITATIVE REPORTING TEMPLATES FOR GROUPS - VARIABLE ANNUITIES INFORMATION

[Note: Provision left blank].

ARTICLE 29: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - LONG TERM GUARANTEES INFORMATION

Firms and, where applicable, *UK holding companies* shall submit information to the *PRA* annually using template S.22.01.04 of Chapter 9 specifying information on the impact of the long term guarantees and transitional measures, following the instructions set out in section S.22.01 of Chapter 11.

ARTICLE 30: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - OWN FUNDS INFORMATION

1. *Firms* and, where applicable, *UK holding companies* shall submit information to the *PRA* annually using the following templates (as applicable):

- (a) template S.23.01.04 of Chapter 9, specifying information on *own funds*, following the instructions set out in section S.23.01 of Chapter 11;
- (b) template S.23.02.04 of Chapter 9, providing detailed information on *own funds* by tiers, following the instructions set out in section S.23.02 of Chapter 11;
- (c) template S.23.03.04 of Chapter 9, specifying information on annual movements on *own funds*, following the instructions set out in section S.23.03 of Chapter 11;
- (d) template S.23.04.04 of Chapter 9, providing a list of items on *own funds*, following the instructions set out in section S.23.04 of Chapter 11.

2. The templates referred to in points (b) and (c) of paragraph 1 shall only be submitted by *firms* and, where applicable, *UK holding companies* which, for the calculation of group solvency, use *method 1*, either exclusively or in combination with *method 2*.

ARTICLE 31: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - SOLVENCY CAPITAL REQUIREMENT INFORMATION

1. Firms and, where applicable, UK holding companies which for the calculation of group solvency use *method 1*, either exclusively or in combination with *method 2*, shall submit information to the PRA annually using the following templates (as applicable):
 - (a) where the group uses the standard formula for the calculation of the SCR, template S.25.04.04 of Chapter 9, specifying information in relation to the calculation of the group SCR, following the instructions set out in section S.25.04 of Chapter 11; and
 - (b) where the group uses the standard formula and one or more internal models or a partial internal model for the calculation of the group SCR, template S.25.05.041 of Chapter 9, specifying information in relation to the calculation of the group SCR, following the instructions set out in section S.25.05 of Chapter 11;
 - (c) where the group uses a full internal model for the calculation of the Solvency Capital Requirement, template S.25.03.04 of Chapter 9, specifying the SCR, following the instructions set out in section S.25.03 of Chapter 11;
 - (d) template S.26.01.04 of Chapter 9, specifying information on market risk, following the instructions set out in section S.26.01 of Chapter 11;
 - (e) template S.26.02.04 of Chapter 9, specifying information on counterparty default risk, following the instructions set out in section S.26.02 of Chapter 11;
 - (f) template S.26.03.04 of Chapter 9, specifying information on life underwriting risk, following the instructions set out in section S.26.03 of Chapter 11;
 - (g) template S.26.04.04 of Chapter 9, specifying information on health underwriting risk, following the instructions set out in section S.26.04 of Chapter 11;
 - (h) template S.26.05.04 of Chapter 9, specifying information on non-life underwriting risk, following the instructions set out in section S.26.05 of Chapter 11;
 - (i) template S.26.06.04 of Chapter 9, specifying information on operational risk, following the instructions set out in section S.26.06 of Chapter 11;
 - (j) template S.26.07.04 of Chapter 9, specifying information on the simplifications used in the calculation of the SCR, following the instructions set out in section S.26.07 of Chapter 11; and
 - (k) template S.27.01.04 of Chapter 9, specifying information on non-life catastrophe risk, following the instructions set out in section S.27.01 of Chapter 11.
2. In case of existence of ring-fenced funds or matching adjustment portfolios, the templates referred to in points (d) to (k) of paragraph 1 shall not be reported for the group as a whole.
3. Where a partial internal model is used, the templates referred to in points (d) to (k) of paragraph 1 shall only be reported in relation to the risks covered by the standard formula.
4. Where a full internal model is used, the templates referred to in points (d) to (k) of paragraph 1 shall not be reported.

ARTICLE 31A: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - SOLVENCY CAPITAL REQUIREMENT INFORMATION FOR GROUPS USING A PARTIAL INTERNAL MODEL OR MULTIPLE INTERNAL MODELS

1. Firms and, where applicable, UK holding companies which for the calculation of group solvency use *method 1*, either exclusively or in combination with *method 2*, and use a *partial*

internal model or more than one *internal model*, shall, subject to paragraph 2, submit information to the PRA annually using the following templates:

(a) template SR.02.01.01 of Chapter 9, to be submitted separately for each of the following (as applicable):

(i) the balance sheet information for all parts of the *group* to which the same *internal model* applies, with a separate template to be submitted for each different *internal model* used, and

(ii) the balance sheet information for all parts of the *group* (if any) to which the *standard formula* applies, taking into account only those assets and liabilities (if any) that are not incorporated into the balance sheet information referred to in paragraph 1(a)(i), with a separate template to be submitted for each part of the *standard formula* calculation if the notional SCR for such part of the *group* is not calculated on the basis of consolidated data,

using both the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of Commission Delegated Regulation (Solvency II) 2015/35] and the valuation following the consolidated financial statements, and following the instructions set out in section S.02.01 of Chapter 11; and

(b) template SR.25.04.01 of Chapter 9, to be submitted separately for each of the following (as applicable):

(i) the notional SCR calculation covering all parts of the *group* to which the same *internal model* applies, with a separate template to be submitted for each different *internal model* used; and

(ii) the notional SCR calculation covering all parts of the *group* (if any) to which the *standard formula* applies, taking into account only those risks (if any) that are not incorporated into a notional SCR calculation referred to in paragraph 1(b)(i), with a separate template to be submitted for each part of the *standard formula* calculation if the notional SCR for such part of the *group* is not calculated on the basis of consolidated data,

following the instructions set out in section S.25.04 of Chapter 11.

2. Paragraph 1 applies only in respect of any part of the *group* which does not have any ring-fenced funds (other than supported ring-fenced funds as defined in Article 34(1)) allocated to it for the purposes of the notional SCR calculation for that part of the *group* and the corresponding balance sheet information.

ARTICLE 32: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - REINSURERS AND SPECIAL PURPOSE VEHICLES INFORMATION

1. *Firms* and, where applicable, *UK holding companies* shall submit information to the PRA annually using the following templates (as applicable):

(a) template S.31.01.04 of Chapter 9, specifying information on share of *reinsurers*, following the instructions set out in section S.31.01 of Chapter 11; and

(b) [Note: Provision left blank].

(c) template S.30.05.01 of Chapter 9, specifying reinsurer and collateral provider entity information, following the instructions set out in section S.30.05 of Chapter 11.

ARTICLE 33: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - GROUP SPECIFIC INFORMATION

1. Firms and, where applicable, UK holding companies shall submit information to the PRA annually using the following templates (as applicable):
 - (a) template S.32.01.04 of Chapter 9, specifying information on the *insurance undertakings* and *reinsurance undertakings* in the scope of the *group*, following the instructions set out in section S.32.01 of Chapter 11;
 - (b) template S.33.01.04 of Chapter 9, specifying information on requirements of *insurance undertakings* and *reinsurance undertakings* in the scope of the *group*, following the instructions set out in section S.33.01 of Chapter 11;
 - (c) template S.34.01.04 of Chapter 9, specifying information on financial *undertakings* other than *insurance undertakings* and *reinsurance undertakings*, and on ~~non-regulated undertakings carrying out financial activities as defined in Article 1(52) of the delegated act,~~ *non-regulated undertakings carrying out financial activities*, following the instructions set out in section S.34.01 of Chapter 11;
 - (d) for groups with any *third country insurance undertakings* or *third country reinsurance undertakings*, template S.35.01.04 of Chapter 9, specifying information on *technical provisions* of the *third country insurance undertakings* and *third country reinsurance undertakings* within the *group*, following the instructions set out in section S.35.01 of Chapter 11;
 - (e) template S.36.01.01 of Chapter 9, specifying information on significant *intra-group transactions* involving equity-type transactions, debt and asset transfer, above the threshold determined by the PRA in accordance with regulation 24(1)(a) of the *Solvency 2 Regulations*, following the instructions set out in section S.36.01 of Chapter 11;
 - (f) template S.36.02.01 of Chapter 9, specifying information on significant *intra-group transactions* on derivatives, including the guarantees supporting any derivatives instruments, above the threshold determined by the PRA in accordance with regulation 24(1)(a) of the *Solvency 2 Regulations*, following the instructions set out in section S.36.02 of Chapter 11;
 - (g) [Note: Provision left blank];
 - (h) template S.36.04.01 of Chapter 9, specifying information on significant *intra-group transactions* on internal cost sharing, contingent liabilities (other than derivatives) and off-balance sheet items and other types of *intra-group transactions*, above the threshold determined by the PRA in accordance with regulation 24(1)(a) of the *Solvency 2 Regulations*, following the instructions set out in section S.36.04 of Chapter 11; and
 - (i) template S.37.01.04 of Chapter 9, specifying information on significant risk concentrations, above the threshold determined by the PRA in accordance with regulation 24 of the *Solvency 2 Regulations*, following the instructions set out in section S.37.01 of Chapter 11.

ARTICLE 34: ANNUAL QUANTITATIVE TEMPLATES FOR GROUPS - RING-FENCED FUNDS, MATERIAL MATCHING ADJUSTMENT PORTFOLIOS AND REMAINING PART INFORMATION

1. In this Article 34, a “supported ring-fenced fund” is a ring-fenced fund whose notional SCR is not entirely covered by assets allocated to that fund.
2. Firms and, where applicable, UK holding companies which for the calculation of group solvency use *method 1*, either exclusively or in combination with *method 2*, shall submit

information to the PRA annually information in relation to ring-fenced funds and the remaining part (including any embedded *matching adjustment* portfolios), taking into account only those risks in scope of the *method 1* calculation and using the following templates in relation to all material ring-fenced funds and all material *matching adjustment* portfolios related to the part that is consolidated as referred to in points (a) and (c) of Article 335(1) of the *delegated act*, as well as in relation to the remaining part:

(a) template SR.01.01.04 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 11;

(b) where the group uses the *standard formula* for the calculation of the SCR, template SR.25.01.04 of Chapter 9, specifying the SCR, following the instructions set out in section S.25.01 of Chapter 11; template SR.02.01.01 of Chapter 9, to be submitted separately for each of the following (as applicable):

(i) the balance sheet information for all ring-fenced funds in the group (other than supported ring-fenced funds) to which the same *internal model* applies, with a separate template to be submitted for each different *internal model* used;

(ii) the balance sheet information for all remaining parts to which the same *internal model* applies, with a separate template to be submitted for each different *internal model* used;

(iii) the balance sheet information for all ring-fenced funds in the group (other than supported ring-fenced funds) to which the *standard formula* applies, taking into account only those assets and liabilities (if any) that are not incorporated into the balance sheet information referred to in paragraph 2(b)(i), with a separate template to be submitted for each part of the *standard formula* calculation if the notional SCR for such part of the group is not calculated on the basis of consolidated data; and

(iv) the balance sheet information for the remaining part to which the *standard formula* applies, taking into account only those assets and liabilities (if any) that are not incorporated into the balance sheet information referred to in paragraph 2(b)(ii), with a separate template to be submitted for each part of the *standard formula* calculation if the notional SCR for such part of the group is not calculated on the basis of consolidated data,

using both the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of Commission Delegated Regulation (Solvency II) 2015/35] and the valuation following the consolidated financial statements, and following the instructions set out in section S.02.01 of Chapter 11;

(c) where the group uses the *standard formula* and a *partial internal model* for the calculation of the SCR, template SR.25.02.04 of Chapter 9, specifying the SCR following the instructions set out in section S.25.02 of Chapter 11; template SR.25.04.01 of Chapter 9, to be submitted separately for each of the following (as applicable):

(i) the notional SCR calculation covering all ring-fenced funds in the group (other than supported ring-fenced funds) to which the same *internal model* applies, with a separate template to be submitted for each different *internal model* used;

(ii) the notional SCR calculation covering all remaining parts to which the same *internal model* applies, with a separate template to be submitted for each different *internal model* used;

(iii) the notional SCR calculation covering all ring-fenced funds in the group (other than supported ring-fenced funds) to which the *standard formula* applies, taking into account only those risks (if any) that are not incorporated into a notional SCR

calculation referred to in paragraph 2(c)(i), with a separate template to be submitted for each part of the *standard formula* calculation if the notional SCR for each part of the *group* is not calculated on the basis of consolidated data; and

- (iv) the notional SCR calculation covering the remaining part to which the *standard formula* applies, taking into account only those risks (if any) that are not incorporated into a notional SCR calculation referred to in paragraph 2(c)(ii), with a separate template to be submitted for each part of the *standard formula* calculation if the notional SCR for such part of the *group* is not calculated on the basis of consolidated data,

following the instructions set out in section S.25.04 of Chapter 11.

~~(d) where the *group* uses a full *internal model* for the calculation of the SCR, template SR.25.03.04 of Chapter 9, specifying the SCR, following the instructions set out in section S.25.03 of Chapter 11;~~

~~(e) template SR.26.01.01 of Chapter 9, specifying information on *market risk*, following the instructions set out in section S.26.01 of Chapter 11;~~

~~(f) template SR.26.02.01 of Chapter 9, specifying information on counterparty default risk, following the instructions set out in section S.26.02 of Chapter 11;~~

~~(g) template SR.26.03.01 of Chapter 9, specifying information on life *underwriting risk*, following the instructions set out in section S.26.03 of Chapter 11;~~

~~(h) template SR.26.04.01 of Chapter 9, specifying information on health *underwriting risk*, following the instructions set out in section S.26.04 of Chapter 11;~~

~~(i) template SR.26.05.01 of Chapter 9, specifying information on non-life *underwriting risk*, following the instructions set out in section S.26.05 of Chapter 11;~~

~~(j) template SR.26.06.01 of Chapter 9, specifying information on *operational risk* following the instructions set out in section S.26.06 of Chapter 11;~~

~~(k) template SR.26.07.01 of Chapter 9, specifying information on the simplifications used in the calculation of the SCR, following the instructions set out in section S.26.07 of Chapter 11; and~~

~~(l) template SR.27.01.01 of Chapter 9, specifying information on non-life and health catastrophe risk, following the instructions set out in section S.27.01 of Chapter 11.~~

~~2. Where a *partial internal model* is used, the templates referred to in points (e) to (l) of paragraph 1 shall only be reported in relation to the risks covered by the *standard formula*.~~

~~3. Where a full *internal model* is used, the templates referred to in points (e) to (l) of paragraph 1 shall not be reported.~~

~~4. Firms and, where applicable, UK holding companies which, for the calculation of group solvency, use *method 1*, either exclusively or in combination with *method 2*, shall, in addition to the information submitted using templates referred to in paragraph 1, submit balance sheet information to the PRA annually in relation to all material ring-fenced funds related to the part that is consolidated as referred to in points (a) or (c) of Article 335(1) of the *delegated act*, as well as in relation to the remaining part, using template SR.02.01.01 of Chapter 9, following the instructions set out in section S.02.01 of Chapter 11.~~

ARTICLE 35: ANNUAL QUANTITATIVE TEMPLATES AND SUPPORTING ANALYSIS FOR GROUPS - INTERNAL MODEL USERS ANALYSIS OF CHANGE

Note: Provision left blank. *Firms and, where applicable, UK holding companies reporting information on a group which includes more than one firm using an internal model shall submit to the PRA annually template AoC.01 setting out the analysis of change referred to in Solvency Capital Requirement – Internal Models 13A, including both quantitative information and a supporting qualitative analysis, in accordance with the instructions set out in section AoC.01 of Chapter 11.*

ARTICLE 36: QUANTITATIVE TEMPLATES FOR GROUPS - INTRA-GROUP TRANSACTIONS AND RISK CONCENTRATIONS

1. *Firms and, where applicable, UK holding companies shall report to the PRA:*
 - (a) *significant and very significant intra-group transactions referred to in Group Supervision 16.2(1) and (2) and intra-group transactions to be reported in all circumstances referred to in Regulation 24(1)(a) of the Solvency 2 Regulations using, as appropriate, templates S.36.01.01, S.36.02.01 and S.36.04.01 of Chapter 9, following the instructions set out in section S.36.01 to S.36.04 of Chapter 11; and*
 - (b) *significant risk concentrations referred to in Group Supervision 16.1 and risks to be reported in all circumstances referred to in regulation 24(1)(a) of the Solvency 2 Regulations using template S.37.01.04 of Chapter 9, following the instructions set out in section S.37.01 of Chapter 11.*

IV. REPORTING TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS

ARTICLE 37: QUARTERLY QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS

1. *Third country branch undertakings must submit information to the PRA quarterly using the following templates (as applicable) in respect of the operations of each third country branch (other than a third country pure reinsurance branch):*
 - (a) *template S.01.01.08 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;*
 - (b) *template S.01.02.07 of Chapter 9, specifying basic information on the third country branch and the content of the reporting in general, following the instructions set out in section S.01.02 of Chapter 10;*
 - (c) *template S.02.01.08 of Chapter 9, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of Commission Delegated Regulation (Solvency II) 2015/35], following the instructions set out in section S.02.01 of Chapter 10;*
 - (d) *template S.05.03.02 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10; and*
 - (e) *template NS.07.01.02 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 10.*
2. *With regard to the information referred to in point (c) of Article 37(1), quarterly measurements may rely on estimates and estimation methods to a greater extent than measurements of annual financial data. The measurement procedures for the quarterly reporting shall be designed to ensure that the resulting information is reliable and complies with the standards*

laid down in the laws of the *United Kingdom* and that all material information that is relevant for the understanding of the data is reported.

ARTICLE 38: SEMI-ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH

UNDERTAKINGS

1. *Third country branch undertakings* must submit information to the *PRA* semi-annually using the following templates (as applicable) in respect of the operations of each *third country branch* (other than a *third country pure reinsurance branch*):
 - (a) template S.12.01.02 of Chapter 9, specifying information on the provisions referred to in Third Country Branches 6.1 (life insurance and health SLT), following the instructions set out in section S.12.01 of Chapter 10; and
 - (b) template S.17.01.02 of Chapter 9, specifying information on provisions referred to in Third Country Branches 6.1 (non-life), for each *line of business*, following the instructions set out in section S.17.01 of Chapter 10.
2. When submitting the information referred to in points (a) and (b) of Article 38(1), *third country branch undertakings* may apply simplified methods in accordance with [Commission Delegated Regulation (Solvency II) 2015/35] in the calculation of the provisions referred to in Third Country Branches 6.1.

ARTICLE 39: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH

UNDERTAKINGS- BASIC INFORMATION AND CONTENT OF SUBMISSION

1. *Third country branch undertakings* must submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country branch* (other than a *third country pure reinsurance branch*):
 - (a) template S.01.01.07 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;
 - (b) template S.01.02.07 of Chapter 9, specifying basic information on the *third country branch* and the content of the reporting in general, following the instructions set out in section S.01.02 of Chapter 10; and
 - (c) template S.01.03.01 of Chapter 9, specifying basic information on the ring-fenced funds and *matching adjustment* portfolios, following the instructions set out in section S.01.03 of Chapter 10.

ARTICLE 40: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH

UNDERTAKINGS- BALANCE SHEET AND OTHER GENERAL INFORMATION

1. *Third country branch undertakings* must submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country branch* (other than a *third country pure reinsurance branch*):
 - (a) template S.02.01.07 of Chapter 9, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the Commission Delegated Regulation (Solvency II) 2015/35] and the valuation according to the branch management accounts value for the branch operations, following the instructions set out in section S.02.01 of Chapter 10;
 - (b) template S.02.03.07 of Chapter 9, specifying additional branch balance sheet information, following the instructions set out in section S.02.03 of Chapter 10;

- (c) template S.05.02.01 of Chapter 9, specifying information on premiums, claims and expenses by country, applying the valuations and recognition principles used in branch management accounts for the branch operations, following the instructions set out in section S.05.02 of Chapter 10;
- (d) template S.05.03.02 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10;
- (e) template S.05.04.01 of Chapter 9, specifying activity by country, following the instructions set out in section S.05.04 of Chapter 10; and
- (f) template NS.07.01.07 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 10.

ARTICLE 41: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS- BRANCH PROVISIONS INFORMATION

1. *Third country branch undertakings* must submit information to the PRA annually using the following templates (as applicable) in respect of the operations of each *third country branch* (other than a *third country pure reinsurance branch*):
 - (a) template S.12.01.01 of Chapter 9, specifying information on the provisions referred to in Third Country Branches 6.1 (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10;
 - (b) template S.13.01.01 of Chapter 9, specifying information on the projection of *branch best estimate* future cash flows of the life business, following the instructions set out in section S.13.01 of Chapter 10;
 - (c) template S.14.01.01 of Chapter 9, specifying information on life obligations analysis, including life insurance and *reinsurance* contracts and annuities stemming from non-life contracts, by product issued by the *third country branch*, following the instructions set out in section S.14.01 of Chapter 10;
 - (d) template S.14.02.01 of Chapter 9, specifying information on non-life obligations analysis, by *line of business* and specific product categories issued by the *third country branch*, following the instructions set out in section S.14.02 of Chapter 10;
 - (e) template S.14.03.01 of Chapter 9, specifying information on cyber *underwriting risk*, following instructions set out in section S.14.03 of Chapter 10;
 - (f) template S.16.01.01 of Chapter 9, specifying information on annuities stemming from non-life insurance obligations issued by the *third country branch* under direct insurance business, regarding all *lines of business* originating annuities and additionally by currency, following the instructions set out in section S.16.01 of Chapter 10;
 - (g) template S.17.01.01 of Chapter 9, specifying information on provisions referred to in Third Country Branches 6.1 (non-life), by *line of business*, following the instructions set out in section S.17.01 of Chapter 10;
 - (h) template S.18.01.01 of Chapter 9, specifying information on the projection of future cash flows based on the *branch best estimate* of the non-life business, following the instructions set out in section S.18.01 of Chapter 10;
 - (i) template S.19.01.01 of Chapter 9, specifying information on non-life insurance claims in the format of development triangles, for the total of each non-life *line of business* and additionally by currency, following the instructions set out in section S.19.01 of Chapter 10;

- (j) template S.20.01.01 of Chapter 9, specifying information on the development of the distribution of the claims incurred at the end of the financial year for each *line of business*, following the instructions set out in section S.20.01 of Chapter 10; and
- (k) template S.21.02.01 of Chapter 9, specifying information on non-life *underwriting risks*, following the instructions set out in section S.21.02 of Chapter 10.

ARTICLE 42: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS- REINSURANCE AND SPECIAL PURPOSE VEHICLES INFORMATION

1. *Third country branch undertakings* must submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country branch* (other than a *third country pure reinsurance branch*):
 - (a) template S.30.03.01 of Chapter 9, specifying information on the outgoing *reinsurance* program in the next reporting year covering prospective information on *reinsurance* treaties the period of validity of which includes or overlaps with the next reporting year, following the instructions set out in section S.30.03 of Chapter 10;
 - (b) template S.30.04.01 of Chapter 9, specifying information on the outgoing *reinsurance* program in the next reporting year covering prospective information on *reinsurance* treaties the period of validity of which includes or overlaps with the next reporting year, following the instructions set out in section S.30.04 of Chapter 10;
 - (c) template S.30.05.01 of Chapter 9, specifying *reinsurer* and collateral provider entity information, following the instructions set out in section S.30.05 of Chapter 10; and
 - (d) template S.31.01.01 of Chapter 9, specifying information on the share of *reinsurers*, following the instructions set out in section S.31.01 of Chapter 10.

ARTICLE 43: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS- RING-FENCED FUNDS, MATCHING ADJUSTMENT PORTFOLIOS AND REMAINING PART INFORMATION

1. *Third country branch undertakings* must submit information in relation to each ring-fenced fund, each *matching adjustment* portfolio and the remaining part to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country branch* (other than a *third country pure reinsurance branch*):
 - (a) template SR.01.01.07 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;
 - (b) template SR.02.01.07 of Chapter 9, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the Commission Delegated Regulation (Solvency II) 2015/35] and the valuation according to the branch management accounts value for the branch operations, following the instructions set out in section S.02.01 of Chapter 10;
 - (c) template SR.12.01.01 of Chapter 9, specifying information on the provisions referred to in Third Country Branches 6.1 (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10; and
 - (d) template SR.17.01.01 of Chapter 9, specifying information on provisions referred to in Third Country Branches 6.1 (non-life) for each *line of business*, following the instructions set out in section S.17.01 of Chapter 10.

ARTICLE 44: ANNUAL QUANTITATIVE TEMPLATES IN RESPECT OF THIRD COUNTRY PURE REINSURANCE BRANCHES – BASIC INFORMATION AND CONTENT OF SUBMISSION

1. *Third country branch undertakings* must submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country pure reinsurance branch*:
 - (a) template S.01.01.07 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10; and
 - (b) template S.01.02.07 of Chapter 9, specifying basic information on the *third country branch* and the content of the reporting in general, following the instructions set out in section S.01.02 of Chapter 10.

ARTICLE 45: ANNUAL QUANTITATIVE TEMPLATES IN RESPECT OF THIRD COUNTRY PURE REINSURANCE BRANCHES – BALANCE SHEET AND OTHER GENERAL INFORMATION

1. *Third country branch undertakings* must submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country pure reinsurance branch*:
 - (a) template S.02.01.07 of Chapter 9, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the Commission Delegated Regulation (Solvency II) 2015/35] and the valuation according to the branch management accounts value for the branch operations, following the instructions set out in section S.02.01 of Chapter 10;
 - (b) template S.02.03.07 of Chapter 9, specifying additional branch balance sheet information, following the instructions set out in section S.02.03 of Chapter 10;
 - (c) template S.05.03.02 of Chapter 9, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10; and
 - (d) template NS.07.01.07 of Chapter 9, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 10.

ARTICLE 46: ANNUAL QUANTITATIVE TEMPLATES IN RESPECT OF THIRD COUNTRY PURE REINSURANCE BRANCHES – BRANCH PROVISIONS INFORMATION

1. *Third country branch undertakings* must submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of each *third country pure reinsurance branch*:
 - (a) template S.12.01.01 of Chapter 9, specifying information on provisions referred to in Third Country Branches 6.1 (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10;
 - (b) template S.14.01.01 of Chapter 9, specifying information on life obligations analysis, including life insurance and *reinsurance* contracts and annuities stemming from non-life contracts, by product issued by the *third country branch*, following the instructions set out in section S.14.01 of Chapter 10;
 - (c) template S.14.02.01 of Chapter 9, specifying information on non-life obligations analysis, by *line of business* and specific product categories issued by the *third country branch*, following the instructions set out in section S.14.02 of Chapter 10;
 - (d) template S.14.03.01 of Chapter 9, specifying information on cyber *underwriting risk*, following instructions set out in section S.14.03 of Chapter 10; and

- (e) template S.17.01.01 of Chapter 9, specifying information on provisions referred to in Third Country Branches 6.1 (non-life) by *line of business*, following the instructions set out in section S.17.01 of Chapter 10.

ARTICLE 47: ANNUAL QUANTITATIVE TEMPLATES IN RESPECT OF THIRD COUNTRY PURE REINSURANCE BRANCHES –REINSURANCE AND SPECIAL PURPOSE VEHICLES INFORMATION

- (1) *Third country branch undertakings* must submit information to the PRA annually using the following templates (as applicable) in respect of the operations of each *third country pure reinsurance branch*:
- (a) template S.30.05.01 of Chapter 9, specifying *reinsurer* and collateral provider entity information, following the instructions set out in section S.30.05 of Chapter 10; and
 - (b) template S.31.01.01 of Chapter 9, specifying information on the share of *reinsurers*, following the instructions set out in section S.31.01 of Chapter 10.

ARTICLE 48: ANNUAL QUANTITATIVE TEMPLATES IN RESPECT OF THIRD COUNTRY PURE REINSURANCE BRANCHES- RING-FENCED FUNDS, MATCHING ADJUSTMENT PORTFOLIOS AND REMAINING PART INFORMATION

- (1) *Third country branch undertakings* must submit information in relation to each ring-fenced fund, each *matching adjustment* portfolio and the remaining part to the PRA annually using the following templates (as applicable) in respect of the operations of each *third country pure reinsurance branch*:
- (a) template SR.01.01.07 of Chapter 9, specifying the content of the submission, following the instructions set out in section S.01.01 of Chapter 10;
 - (b) template SR.12.01.01 of Chapter 9, specifying information on the provisions referred to in Third Country Branches 6.1 (life and health SLT), following the instructions set out in section S.12.01 of Chapter 10; and
 - (c) template SR.17.01.01 of Chapter 9, specifying information on non-life provisions referred to in Third Country Branches 6.1 for each *line of business*, following the instructions set out in section S.17.01 of Chapter 10.

ARTICLE 49: ANNUAL LEGAL ENTITY QUANTITATIVE TEMPLATE IN RESPECT OF THIRD COUNTRY BRANCH UNDERTAKINGS

A *third country branch undertaking* must submit to the PRA annually template S.01.04.07 in Chapter 9, specifying information regarding the financial position, including solvency, of the *third country branch undertaking*, following the instructions set out in section S.01.04 of Chapter 10.

ARTICLE 50: TRIENNIAL RESOLUTION REPORT IN RESPECT OF THIRD COUNTRY BRANCH UNDERTAKINGS

1. A *third country branch undertaking* must submit a resolution report to the PRA every three years containing an analysis, supported by a legal opinion, of the winding-up regime applicable to the *third country branch undertaking*, including a description of the applicable laws in relation to winding-up in the relevant jurisdiction and an analysis of the priority given to *policyholders* of the *third country branch* and of how the assets of the *third country branch undertaking* would be distributed to the *policyholders* of the branch on a winding up.

2. Where there is any significant change in the winding-up regime applicable to the *third country branch undertaking*, the *third-country branch undertaking* must submit an update to the resolution report referred to in paragraph 1 as soon as possible following the occurrence of the significant change.

3 PUBLIC DISCLOSURE: SOLVENCY AND FINANCIAL CONDITION REPORT

...

3.3 A firm's SFCR must contain the following information, either in full or by way of reference to equivalent information, both in nature and scope, disclosed publicly under other legal or regulatory requirements:

(5) a description of the capital management of the *firm*, including at least the following:

...

(c) information showing and explaining the main differences between the underlying assumptions of the *standard formula* and the underlying assumptions of any *internal model* for which the *firm* has received ~~internal model approval~~*internal model permission*; and

...

3.6 The disclosure required by 3.3(5)(b) must include the following:

(1) the amount of the SCR calculated by the *firm* using the *standard formula* or, where the *firm* has received ~~internal model approval~~*internal model permission*, the amount of the SCR calculated using its *internal model* and, where applicable in the case of a *partial internal model*, the *standard formula*;

...

3A SOLVENCY AND FINANCIAL CONDITION REPORT: TECHNICAL STANDARDS

ARTICLE 1: SUBJECT MATTER

[Note: Provision left blank]

ARTICLE 2: PUBLIC DISCLOSURE FORMATS

When disclosing the information referred to in this Chapter, figures reflecting monetary amounts shall be disclosed in thousands of units.

ARTICLE 3: CURRENCY

1 For the purposes of this Chapter, 'reporting currency' shall be:

(a) for individual disclosure, the currency used for the preparation of the *firm's* financial statements;

(b) for group disclosure, the currency used for the preparation of the consolidated financial statements.

2. Figures reflecting monetary amounts shall be disclosed in the reporting currency. Any other currency than the reporting currency shall be converted into the reporting currency.

3. When expressing the value of any asset or liability denominated in a currency other than the reporting currency, the value shall be converted in the reporting currency as if the conversion had taken place at the closing rate on the last day for which the appropriate rate is available in the reporting period to which the asset or liability relates.
4. When expressing the value of any income or expense, the value shall be converted in the reporting currency using such basis of conversion as that used for accounting purposes.
5. The conversion into the reporting currency shall be calculated by applying the exchange rate from the same source as used for the *firm's* financial statements in the case of individual reporting or for the consolidated financial statements in the case of group reporting.

ARTICLE 4: TEMPLATES FOR THE SOLVENCY AND FINANCIAL CONDITION REPORT OF INDIVIDUAL FIRMS

1. Firms required to report information to the PRA under Reporting 3 shall publicly disclose as part of their SFCR the following templates:
 - (a) template S.02.01.02 of Chapter 9A specifying balance sheet information using the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act*, following the instructions set out in section S.02.01 of Chapter 10A;
 - (b)
 - (i) template S.05.03.02 of Chapter 9A, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 10A;
 - (ii) template NS.07.01.02 of Chapter 9A, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 10A;
 - (c) template S.05.02.01 of Chapter 9A, specifying information on premiums, claims and expenses by country applying the valuation and recognition principles used in the *firm's* financial statements, following the instructions set out in section S.05.02 of Chapter 10A;
 - (d) template S.12.01.02 of Chapter 9A, specifying information on *technical provisions* (life insurance and health SLT), following the instructions set out in section S.12.01 of Chapter 10A;
 - (e) template S.17.01.02 of Chapter 9A, specifying information on non-life *technical provisions*, following the instructions set out in section S.17.01 of Chapter 10A to this Part for each *line of business*;
 - (f) template S.19.01.21 of Chapter 9A, specifying information on non-life insurance claims in the format of development triangles, following the instructions set out in section S.19.01 of Chapter 10A for the total non-life business;
 - (g) template S.22.01.21 of Chapter 9A, specifying information on the impact of the long term guarantee and transitional measures, following the instructions set out in section S.22.01 of Chapter 10A;
 - (h) template S.23.01.01 of Chapter 9A, specifying information on *own funds*, including *basic own funds* and *ancillary own funds*, following the instructions set out in section S.23.01 of Chapter 10A;
 - (i) template S.25.04.21 of Chapter 9A, specifying information in relation to the calculation of the SCR, following the instructions set out in section S.25.04 of Chapter 10A;
 - (j) [Note: Provision left blank];
 - (k) [Note: Provision left blank];

- (l) template S.28.01.01 of Chapter 9A, specifying the *MCR* for *firms* which carry on only long-term or only general insurance or *reinsurance* business, following the instructions set out in section S.28.01 of Chapter 10A; and
- (m) template S.28.02.01 of Chapter 9A, specifying the *MCR* for *firms* which carry on both long-term and general insurance business, following the instructions set out in section S.28.02 of Chapter 10A.

ARTICLE 5: TEMPLATES FOR THE SOLVENCY AND FINANCIAL CONDITION REPORT OF GROUPS

1. *Firms* required to report information on a *group* to the *PRA* under Group Supervision 18 shall publicly disclose as part of their group *SFCR* the following templates (as applicable):
 - (a) template S.32.01.22 of Chapter 9A, specifying information on the *undertakings* in the scope of the *group*, following the instructions set out in section S.32.01 of Chapter 11A;
 - (b) where, for the calculation of the group solvency, the *group* uses *method 1*, either exclusively or in combination with *method 2*, template S.02.01.02 of Chapter 9A, specifying balance sheet information, using the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act*, following the instructions set out in section S.02.01 of Chapter 11A;
 - (c)
 - i) template S.05.03.02 of Chapter 9A, specifying information on revenue account (life), following the instructions set out in section S.05.03 of Chapter 11A;
 - ii) template NS.07.01.02 of Chapter 9A, specifying information on income and expenditure (non-life), following the instructions set out in section NS.07.01 of Chapter 11A;
 - (d) template S.05.02.01 of Chapter 9A, specifying information on premiums, claims and expenses by country, applying the valuation and recognition principles used in the consolidated financial statements, following the instructions set out in section S.05.02 of Chapter 11A;
 - (e) template S.22.01.22 of Chapter 9A, specifying information on the impact of the long term guarantee and transitional measures, following the instructions set out in section S.22.01 of Chapter 11A;
 - (f) template S.23.01.22 of Chapter 9A, specifying information on *own funds*, including *basic own funds* and *ancillary own funds*, following the instructions set out in section S.23.01 of Chapter 11A; and
 - (g) where, for the calculation of group solvency, the *group* uses *method 1*, either exclusively or in combination with *method 2*, template S.25.01.22/04.04 of Chapter 9A, specifying information in relation to the calculation of the *group SCR*, following the instructions set out in section S.25.01/4 of Chapter 11A;
 - ~~(h) where, for the calculation of group solvency, the *group* uses *method 1*, either exclusively or in combination with *method 2*, template S.25.02.22 of Chapter 9A, specifying information on the *group SCR*, calculated using the *standard formula* and a *partial internal model*, following the instructions set out in section S.25.02 of Chapter 11A;~~
 - ~~(i) where, for the calculation of group solvency, the *group* uses *method 1*, either exclusively or in combination with *method 2*, template S.25.03.22 of Chapter 9A, specifying information on the *group SCR*, calculated using a *full internal model*, following the instructions set out in section S.25.03 of Chapter 11A;~~

ARTICLE 6: REFERENCES TO OTHER DOCUMENTS IN THE SOLVENCY AND FINANCIAL CONDITION REPORT

When firms include in the SFCR references to other publicly available documents, these references shall be done through references that lead directly to the information itself and not to a general document.

ARTICLE 7: CONSISTENCY OF INFORMATION

Firms required to disclose information to the PRA under Reporting 3, Group Supervision 18 or Group Supervision 19 shall assess whether the information disclosed is fully consistent with the information reported to the PRA.

ARTICLE 8: MEANS OF DISCLOSURE OF THE GROUP AND SINGLE SOLVENCY AND FINANCIAL CONDITION REPORT

Article 301 of the delegated act shall apply to the disclosure of the group and single SFCR.

ARTICLE 9: INVOLVEMENT OF THE SUBSIDIARIES IN THE SINGLE SOLVENCY AND FINANCIAL CONDITION REPORT

1. [Note: Provision left blank.]

2. Firms required to disclose information on a group to the PRA under Group Supervision 18 or Group Supervision 19 shall provide an explanation on how the subsidiaries shall be covered and how the subsidiaries' administrative, management or supervisory body shall be involved in the process and in the approval of the single SFCR.

...

8 NATIONAL SPECIFIC TEMPLATES

8.0

(1) NS.00: Basic Information can be found here.

(2) NS.00 instructions can be found here.

8.1

(1) NS.01: With-Profits Value of Bonus can be found here.

(2) NS.01 instructions can be found here.

8.1A

(1) NSR.01: With-Profits Value of Bonus can be found here.

(2) NS.01 instructions can be found here.

8.2

(1) NS.02: With-Profits Assets and Liabilities can be found here.

(2) NS.02 instructions can be found here.

8.2A

(1) NSR.02: With-Profits Assets and Liabilities can be found here.

(2) NS.02 instructions can be found here.

8.3

(1) NS.03: Material Pooling Arrangements can be found here.

(2) NS.03 instructions can be found here.

8.4

(1) NS.04: Assessable Mutuals can be found here.

(2) NS.04 instructions can be found here.

8.5 ~~NS.05 can be found here.~~[Deleted.]

8.6 ~~NS.06 can be found here.~~[Deleted.]

8.7 ~~NS.07 can be found here.~~[Deleted.]

8.8

(1) NS.08: Business Model Analysis- Financial Guarantee Insurers can be found here.

(2) NS.08 instructions can be found here.

8.9

(1) NS.09: Best Estimate Assumptions for Life Insurance Risks can be found here.

(2) NS.09 instructions can be found here.

8.10

(1) NS.10: Projection of Future Cash Flows (Best Estimate – Non Life: Liability Claim Types) can be found ~~here~~here.

(2) NS.10 instructions can be found here.

8.11

(1) NS.11: Non-Life Insurance Claims Information (General Liability Sub-classes) can be found ~~here~~here.

(2) NS.11 instructions can be found here.

8.12 ~~NS.12 can be found here.~~[Deleted.]

8.13

(1) NS.13: The Society of Lloyd's Solvency Capital Requirement and Minimum Capital Requirement can be found ~~here~~here.

(2) NS.13 instructions can be found here.

9 REPORTING TEMPLATES⁹

9.1. Template S.01.01.01, specifying the content of the submission can be found here.

9.2. Template S.01.01.02, specifying the content of the submission can be found here.

~~9.3. Template S.01.01.03, specifying the content of the submission can be found here.~~

9.3. Template S.01.01.04, specifying the content of the submission, can be found here.

9.4. Template S.01.01.05, specifying the content of the submission, can be found here.

9.5. Template S.01.01.07, specifying the content of the submission, can be found here.

⁹ We have not shown the deleted numbering previously consulted on in strike through, except for where the entire provision has been deleted. Instead, we have highlighted the numbering in yellow, where it differs to numbering previously consulted on.

- 9.6. Template S.01.01.06, specifying the content of the submission, can be found here.
- 9.6. Template S.01.01.08, specifying the content of the submission, can be found here.
- 9.7. Template SR.01.01.01, specifying the content of the submission, can be found here.
- 9.8. Template SR.01.01.04, specifying the content of the submission, can be found here.
- 9.9. Template SR.01.01.07, specifying the content of the submission, can be found here.
- 9.10. Template S.01.02.01, specifying basic information on the *firm* and the content of reporting in general can be found here.
- 9.11. Template S.01.02.04, specifying basic information on the *group* and the content of the reporting in general, can be found here.
- 9.12. Template S.01.02.07, specifying basic information on the *third country branch* and the content of the reporting in general, can be found here.
- 9.13. Template S.01.03.01, specifying basic information on ring-fenced funds and *matching adjustment* portfolios can be found here.
- 9.14. Template S.01.03.04, specifying basic information on ring-fenced funds and *matching adjustment* portfolios, can be found here.
- 9.15. Template S.01.04.07, specifying information regarding the financial position, including solvency, of the *third country branch undertaking*, can be found here.
- 9.16. Template S.02.01.01, specifying balance sheet information using both the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act*] and the valuation following the *firm's* financial statements (or the consolidated financial statements, as applicable), can be found here.
- 9.17. Template SR.02.01.01, specifying balance sheet information using both the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act*] and the valuation following the ~~undertaking's~~ *firm's* financial statements (or the consolidated financial statements, as applicable), can be found here.
- 9.18. Template S.02.01.02 specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act*], can be found here.
- 9.19. Template S.02.01.07, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of Commission Delegated Regulation (Solvency II) 2015/35] and the valuation according to the branch management accounts value for the branch operations, can be found here.
- 9.20. Template SR.02.01.07 specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of Commission Delegated Regulation (Solvency II) 2015/35] and the valuation according to the branch management accounts value for the branch operations, can be found here;
- 9.21. Template S.02.01.08, specifying balance sheet information using the valuation in accordance with [Valuation 2.1-2.2 and Chapter II of Title I of Commission Delegated Regulation (Solvency II) 2015/35,] can be found here.
- 9.22. Template S.02.02.01, specifying information on assets and liabilities by currency, can be found here.
- 9.23. Template S.02.03.07, specifying additional branch balance sheet information, can be found here.
- 9.24. Template S.03.01.01, specifying general information on off-balance sheet items, can be found here.

- 9.25. Template S.03.01.04, specifying general information on off-balance sheet items, can be found here.
- 9.26. Template S.03.02.01, providing a list of off-balance sheet unlimited guarantees received, can be found here.
- 9.27. Template S.03.02.04, providing a list of off-balance sheet unlimited guarantees received, can be found here.
- 9.28. Template S.03.03.01, providing a list of off-balance sheet unlimited guarantees provided, can be found here.
- 9.29. Template S.03.03.04, providing a list of off-balance sheet unlimited guarantees provided, can be found here.
- ~~9.24. Template S.05.04, specifying activity by country, can be found here.~~
- 9.30. Template S.05.02.01, specifying information on premiums, claims and expenses by country, applying the valuation and recognition principles used in the *firm's* financial statements (or in the consolidated financial statements or the branch management accounts for the branch operations, as applicable), can be found here.
- 9.31. Template S.05.03.01 specifying information on revenue account (life), can be found here.
- 9.32. Template SR.05.03.01 specifying information on revenue account (life), can be found here.
- 9.33. Template S.05.03.02 specifying information ~~on information~~ on revenue account (life), can be found here.
- 9.34. Template S.05.04.01, specifying activity by country, can be found here.
- 9.35. Template S.06.02.01, providing an item-by-item list of assets can be found here.
- 9.36. Template S.06.02.04, providing an item-by-item list of assets, can be found here.
- 9.37. Template S.06.03.01, providing information on the look-through of all collective investments held by the *firm* can be found here.
- 9.38. Template S.06.03.04, providing information on the look-through of all collective investments held by the *group*, can be found here.
- 9.39. Template S.08.01.01, providing an item-by-item list of open positions of derivatives, can be found here.
- 9.40. Template S.08.01.04, providing an item-by-item list of open positions of derivatives, can be found here.
- 9.41. Template S.09.01.01, specifying information on income, gains and losses in the reporting period by asset category, can be found here.
- 9.42. Template S.09.01.04, specifying information on income, gains and losses in the reporting period by asset category, can be found here.
- 9.43. Template S.10.01.01 providing an item-by-item list of securities lending and repurchase agreements, on and off-balance sheet, can be found here.
- 9.44. Template S.10.01.04, providing an item-by-item list ~~of~~ securities lending and repurchase agreements on and off-balance sheet, can be found here.
- 9.45. Template S.11.01.01 providing an item-by-item list of assets held as collateral, consisting of all types of off-balance sheet asset categories held as collateral, can be found here.
- 9.46. Template S.11.01.04, providing an item-by-item list of assets held as collateral, consisting of all types of off-balance sheet asset categories held as collateral, can be found here.

- 9.47. Template S.12.01.01, specifying information on *technical provisions* (life and health SLT) (or the provisions referred to in Third Country Branches 6.1 (life and health SLT) as applicable), can be found here.
- 9.48. Template SR.12.01.01, specifying information on *technical provisions* (life and health SLT) (or the provisions referred to in Third Country Branches 6.1 (life and health SLT), as applicable) can be found here.
- 9.49. Template S.12.01.02, specifying information on the *technical provisions* (life insurance and health SLT) (or the provisions referred to in Third Country Branches 6.1 (life insurance and health SLT), as applicable) can be found here.
- 9.50. Template S.13.01.01, specifying information on the projection of *best estimate* (or *branch best estimate, as applicable*) future cash flows of the life business, can be found here.
- 9.51. Template S.14.01.01 of Chapter 10, specifying information on life obligations analysis, including life insurance and *reinsurance* contracts and annuities stemming from non-life contracts, by product and by homogenous risk group issued by the *firm*, can be found here.
- 9.52. Template S.14.02.01, specifying information on non-life obligations analysis, by *line of business* and specific product categories issued by the *firm*, can be found here.
- 9.53. Template S.14.03.01, specifying information on cyber *underwriting risk*, can be found here.
- 9.54. Template S.16.01.01, specifying information on annuities stemming from non-life insurance obligations issued by the *firm* under direct insurance business *originating annuities*, regarding all *lines of business* *originating annuities* and additionally by currency, can be found here.
- 9.55. Template S.17.01.01, specifying information on non-life *technical provisions* (or the provisions referred to in Third Country Branches 6.1 (non-life), as applicable) by *lines of business* *line of business*, can be found here.
- 9.56. Template SR.17.01.01, specifying information on non-life *technical provisions* (or provisions referred to in Third Country Branches 6.1 (non-life), as applicable), for each *line of business*, can be found here.
- 9.57. Template S.17.01.02, specifying information on non-life *technical provisions* (or provisions referred to in Third Country Branches 6.1 (non-life), as applicable) for each *line of business*, can be found here.
- 9.58. Template S.18.01.01, specifying information on the projection of future cash flows based on *best estimate* (or *branch best estimate, as applicable*) of the non-life business, can be found here.
- 9.59. Template S.19.01.01, specifying information on non-life insurance claims in the format of development triangles, for the total of each non-life *line of business* and additionally by currency, can be found here.
- 9.60. Template S.20.01.01, specifying information on the development of the distribution of the claims incurred at the end of the financial year for each *line of business* can be found here.
- 9.61. Template S.21.02.01, specifying information on ~~the~~ non-life *underwriting risks* can be found here.
- 9.62. Template S.22.01.01, specifying information on the impact of the long term guarantees and transitional measures, can be found here.
- 9.63. Template S.22.01.04, specifying information on the impact of the long term guarantees and transitional measures, can be found here.
- 9.64. Template SR.22.02.01, specifying information on the projection of future cash flows for the *best estimate* calculation by each ~~material~~ *matching adjustment* portfolio, can be found here.

- 9.65. Template SR.22.03.01, specifying information on the *matching adjustment* portfolios by each *material matching adjustment* portfolio, can be found here.
- 9.66. Template S.22.04.01, specifying information on the interest rate transitional measure, can be found here.
- ~~9.60. Template S.22.05.01, specifying information on the transitional measure on *technical provisions*, can be found here.~~
- 9.67. Template S.22.06.01, specifying information on the *best estimate* subject to *volatility adjustment* by *country and* currency, can be found here.
- 9.68. Template S.23.01.01 specifying information on *own funds* can be found here.
- 9.69. Template S.23.01.04, specifying information on *own funds*, can be found here.
- 9.70. Template S.23.02.01, providing detailed information on *own funds* by tiers, can be found here.
- 9.71. Template S.23.02.04, providing detailed information on *own funds* by tiers, can be found here.
- 9.72. Template S.23.03.01, specifying information on annual movements on *own funds*, can be found here.
- 9.73. Template S.23.03.04, specifying information on annual movements on *own funds*, can be found here.
- 9.74. Template S.23.04.01, providing a list of items on *own funds*, can be found here.
- 9.75. Template S.23.04.04, providing a list of items on *own funds*, can be found here.
- 9.76. Template S.24.01.01, specifying information on *participations* held by the *firm* and an overview of the calculation for the deduction from *own funds* related to *participations* in financial and credit institutions, can be found here.
- ~~9.71. Template S.25.01.04, specifying the *SCR*, can be found here.~~
- ~~9.72. Template SR.25.01.04, specifying the *SCR*, can be found here.~~
- ~~9.73. Template S.25.02.04, specifying the *SCR*, can be found here.~~
- ~~9.74. Template SR.25.02.04 specifying the *SCR*, can be found here.~~
- ~~9.75. Template S.25.03.04, specifying the *SCR*, can be found here.~~
- ~~9.76. Template SR.25.03.04, specifying the *SCR*, can be found here.~~
- 9.77. Template S.25.04.01, specifying information in relation to the calculation of the *SCR*, can be found here.
- 9.78. Template SR.25.04.01, specifying information in relation to the calculation of the notional *SCR* (or the notional *group SCR*, as applicable) (ring-fenced funds/*matching adjustment portfolio/remaining part*), can be found here.
- 9.79. Template S.25.04.04, specifying information in relation to the calculation of the *group SCR*, can be found here.
- 9.80. Template S.25.05.01, specifying information in relation to the calculation of the *SCR* (or the *group SCR*, as applicable) where the *firm* (or *group*, as applicable) uses a full one or more *internal models* or a *partial internal model* can be found here.
- 9.81. Template SR.25.05.01 specifying information on the notional *SCR* (ring-fenced funds, *matching adjustment* portfolios, remaining part) where the *undertaking firm* uses a full *internal model* or a *partial internal model* can be found here.
- 9.82. Template S.25.06.01, specifying the *SCR* – loss-absorbing capacity of deferred tax, can be found here.

- 9.83. Template S.26.01.01, specifying information on *market risk*, can be found here.
- ~~9.83~~ ~~Template S.26.01.04, specifying information on *market risk*, can be found here.~~
- 9.84. Template SR.26.01.01, specifying information on *market risk*, can be found here.
- 9.85. Template S.26.02.01, specifying information on counterparty default risk, can be found here.
- ~~9.86~~ ~~Template S.26.02.04, specifying information on counterparty default risk, can be found here.~~
- 9.86. Template SR.26.02.01, specifying information on counterparty default risk, can be found here.
- 9.87. Template S.26.03.01, specifying information on life *underwriting risk*, can be found here.
- 9.88. Template SR.26.03.01, specifying information on life *underwriting risk*, can be found here.
- ~~9.90~~ ~~Template S.26.03.04, specifying information on life *underwriting risk*, can be found here.~~
- 9.89. Template S.26.04.01, specifying information on health *underwriting risk*, can be found here.
- ~~9.92~~ ~~Template S.26.04.04, specifying information on health *underwriting risk*, can be found here.~~
- 9.90. Template SR.26.04.01, specifying information on health *underwriting risk*, can be found here.
- 9.91. Template S.26.05.01, specifying information on non-life *underwriting risk*, can be found here.
- 9.92. Template SR.26.05.01, specifying information on non-life *underwriting risk*, can be found here.
- ~~9.96~~ ~~Template S.26.05.04, specifying information on non-life *underwriting risk*, can be found here.~~
- 9.93. Template S.26.06.01, specifying information on *operational risk*, can be found here.
- 9.94. Template SR.26.06.01, specifying information on *operational risk*, can be found here.
- ~~9.99~~ ~~Template S.26.06.04, specifying information on *operational risk*, can be found here.~~
- 9.95. Template S.26.07.01, specifying information on the simplifications used in the calculation of the *SCR* can be found here.
- 9.96. Template SR.26.07.01, specifying information on the simplifications used in the calculation of the *notional SCR*, can be found here.
- ~~9.102~~ ~~Template S.26.07.04, specifying information on the simplifications used in the calculation of the *SCR*, can be found here.~~
- 9.97. Template S.27.01.01, specifying information on *SCR* (non-life and health catastrophe risk), can be found here.
- 9.98. Template SR.27.01.01, specifying information on *notional SCR* (non-life and health catastrophe risk) *non-life catastrophe risk*, can be found here.
- ~~9.105~~ ~~Template S.27.01.04, specifying information on non-life catastrophe risk, can be found here.~~
- 9.99. Template S.28.01.01 specifying the *MCR* where firms carry on only long-term insurance, ~~or only~~ general insurance or *reinsurance* business can be found here.
- 9.100. Template S.28.02.01 specifying the *MCR* where *firms* carry on both long-term and general insurance business can be found here.
- 9.101. Template S.30.03.01, specifying information on the outgoing *reinsurance* program in the next reporting year covering prospective information on *reinsurance* treaties the period of validity of which includes or overlaps *with* the next reporting year can be found here.
- 9.102. Template S.30.04.01, specifying information on the outgoing *reinsurance* program in the next reporting year covering prospective information on *reinsurance* treaties the period of validity of which includes or overlaps *with* the next reporting year, can be found here.

- 9.103. Template S.30.05.01, specifying reinsurer and collateral provider entity information, can be found [here](#).
- 9.104. Template S.30.06.01 specifying life reinsurance summary, can be found [here](#).
- 9.105. Template S.30.07.01, specifying life reinsurance proportional cover can be found [here](#).
- 9.106. Template S.30.08.01, specifying life reinsurance non-proportional cover, can be found [here](#).
- 9.107. Template S.31.01.01, specifying information on the share of *reinsurers*, can be found [here](#).
- 9.108. Template S.31.01.04, specifying information on share of *reinsurers*, can be found [here](#).
- 9.109. Template S.32.01.04, specifying information on the *insurance undertakings* and *reinsurance undertakings* in the scope of the *group*, can be found [here](#).
- 9.110. Template S.33.01.04, specifying information on requirements of *insurance undertakings* and *reinsurance undertakings* in the scope of the *group*, can be found [here](#).
- 9.111. Template S.34.01.04, specifying information on ~~other regulated~~ financial *undertakings*, ~~other than insurance undertakings and reinsurance undertakings~~, and on ~~other non-regulated financial undertakings~~ *non-regulated undertakings carrying out financial activities including insurance holding companies and mixed financial holding companies*, can be found [here](#).
- 9.112. Template S.35.01.04, specifying information on *technical provisions* of *third country insurance undertakings* and *third country reinsurance undertakings* within ~~of~~ the *group*, can be found [here](#).
- 9.113. Template S.36.01.01, specifying information on significant *intra-group transactions*, involving equity-type transactions, debt and asset transfer, can be found [here](#).
- 9.114. Template S.36.02.01, specifying information on significant *intra-group transactions* on derivatives, including the guarantees supporting any derivatives instruments, can be found [here](#).
- 9.115. Template S.36.04.01, specifying information on significant *intra-group transactions* on internal cost sharing, contingent liabilities other than derivatives and off-balance sheet items and other types of *intra-group transactions*, can be found [here](#).
- 9.116. Template S.37.01.04, specifying information on significant risk concentrations, above the threshold determined by the *PRA* in accordance with regulation 24 of the *Solvency 2 Regulations*, can be found [here](#).
- 9.117. Template NS.07.01.01, specifying information on income and expenditure (non-life), can be found [here](#).
- 9.118. Template NS.07.01.02, specifying information on income and expenditure (non-life), can be found [here](#).
- 9.119. Template NS.07.01.07, specifying information on income and expenditure (non-life), can be found [here](#).
- 9.120. Template NS.14.01.01, specifying excess capital generation, can be found [here](#).
- 9.121. Template QMC.01, specifying information on model changes and supporting qualitative information, can be found [here](#).
- 9.122. Template AoC.01, setting out the analysis of change referred to in Solvency Capital Requirement Models 13A, including both quantitative and qualitative information and a supporting qualitative analysis, can be found [here](#).

9A DISCLOSURE TEMPLATES¹⁰

- 9A.1 Template S.02.01.02 specifying balance sheet information using the valuation in accordance with Valuation 2.1-2.2 and Chapter II of Title I of the *delegated act*, can be found here.
- 9A.2 Template S.05.02.01, specifying information on premiums, claims and expenses by country applying the valuation and recognition principles used in the *firm's* financial statements, can be found here.
- 9A.3 Template S.05.03.02, specifying information on revenue account (life), can be found here.
- 9A.4 Template S.12.01.02, specifying information on *technical provisions* (life insurance and health SLT) can be found here.
- 9A.5 Template S.17.01.02, specifying information on non-life *technical provisions* can be found here.
- 9A.6 Template S.19.01.21, specifying information on non-life insurance claims in the format of development triangles can be found here.
- 9A.7 Template S.22.01.21, specifying information on the impact of the long term guarantee and transitional measures can be found here.
- 9A.8 Template S.22.01.22, specifying information on the impact of the long term guarantee and transitional measures can be found here.
- 9A.9 Template S.23.01.01, specifying information on *own funds*, including *basic own funds* and *ancillary own funds* can be found here.
- 9A.10 Template S.23.01.22, specifying information on *own funds*, including *basic own funds* and *ancillary own funds* can be found here.
- 9A.11 Template S.25.01.2204.04, specifying information in relation to the calculation of the *group SCR* can be found here.
- ~~9A.12~~ ~~Template S.25.02.22, specifying information on the *group SCR*, calculated using the *standard formula* and a *partial internal model* can be found here.~~
- ~~9A.13~~ ~~Template S.25.03.22, specifying information on the *group SCR*, calculated using a *full internal model* can be found here.~~
- 9A.12 Template S.25.04.21, specifying information in relation to the calculation of the *SCR* can be found here.
- 9A.13 Template S.28.01.01, specifying the *MCR* for *firms* which carry on only long-term or only general insurance or *reinsurance* business can be found here.
- 9A.14 Template S.28.02.01, specifying the *MCR* for *firms* which carry on both long-term and general insurance business can be found here.
- 9A.15 Template S.32.01.22, specifying information on the *undertakings* in the scope of the *group* can be found here.
- 9A.16 Template NS.07.01.02, specifying information on income and expenditure (non-life), can be found here.

¹⁰ We have not shown the deleted numbering previously consulted on in strike through, except for where the entire provision has been deleted. Instead, we have highlighted the numbering in yellow, where it differs to numbering previously consulted on.

10 REPORTING TEMPLATES DATA ITEM INSTRUCTIONS (INDIVIDUAL FIRMS AND THIRD COUNTRY BRANCH UNDERTAKINGS¹¹)

- 10.1. Section S.01.01 instructions can be found here.
- 10.2. Section S.01.02 instructions can be found here.
- 10.3. Section S.01.03 instructions can be found here.
- 10.4. Section S.01.04 instructions can be found here.
- 10.5. Section S.02.01 instructions can be found here.
- 10.6. Section S.02.02 instructions can be found here.
- 10.7. Section S.02.03 instructions can be found here.
- 10.8. Section S.03.01 instructions can be found here.
- 10.9. Section S.03.02 instructions can be found here.
- 10.10. Section S.03.03 instructions can be found here.
- 10.11. Section S.05.04 instructions can be found here.
- 10.12. Section S.05.02 instructions can be found here.
- 10.13. Section S.05.03 instructions can be found here.
- 10.14. Section S.06.02 instructions can be found here.
- 10.15. Section S.06.03 instructions can be found here.
- 10.16. Section S.08.01 instructions can be found here.
- 10.17. Section S.09.01 instructions can be found here.
- 10.18. Section S.10.01 instructions can be found here.
- 10.19. Section S.11.01 instructions can be found here.
- 10.20. Section S.12.01 instructions can be found here.
- 10.21. Section S.13.01 instructions can be found here.
- 10.22. Section S.14.01 instructions can be found here.
- 10.23. Section S.14.02 instructions can be found here.
- 10.24. Section S.14.03 instructions can be found here.
- 10.25. Section S.16.01 instructions can be found here.
- 10.26. Section S.17.01 instructions can be found here.
- 10.27. Section S.18.01 instructions can be found here.
- 10.28. Section S.19.01 instructions can be found here.
- 10.29. Section S.20.01 instructions can be found here.
- 10.30. Section S.21.02 instructions can be found here.
- 10.31. Section S.22.01 instructions can be found here.

¹¹ We have not shown the deleted numbering previously consulted on in strike through, except for where the entire provision has been deleted. Instead, we have highlighted the numbering in yellow, where it differs to numbering previously consulted on.

- [10.32. Section S.22.02 instructions can be found here.](#)
- [10.33. Section S.22.03 instructions can be found here.](#)
- [10.34. Section S.22.04 instructions can be found here.](#)
- [~~10.33. Section S.22.05 instructions can be found here.~~](#)
- [10.35. Section S.22.0607 instructions can be found here.](#)
- [10.36. Section S.23.01 instructions can be found here.](#)
- [10.37. Section S.23.02 instructions can be found here.](#)
- [10.38. Section S.23.03 instructions can be found here.](#)
- [10.39. Section S.23.04 instructions can be found here.](#)
- [10.40. Section S.24.01 instructions can be found here.](#)
- [10.41. Section S.25.04 instructions can be found here.](#)
- [10.42. Section S.25.05 instructions can be found here.](#)
- [10.43. Section S.25.06 instructions can be found here.](#)
- [10.44. Section S.26.01 instructions can be found here.](#)
- [10.45. Section S.26.02 instructions can be found here.](#)
- [10.46. Section S.26.03 instructions can be found here.](#)
- [10.47. Section S.26.04 instructions can be found here.](#)
- [10.48. Section S.26.05 instructions can be found here.](#)
- [10.49. Section S.26.06 instructions can be found here.](#)
- [10.50. Section S.26.07 instructions can be found here.](#)
- [10.51. Section S.27.01 instructions can be found here.](#)
- [10.52. Section S.28.01 instructions can be found here.](#)
- [10.53. Section S.28.02 instructions can be found here.](#)
- [10.54. Section S.30.03 instructions can be found here.](#)
- [10.55. Section S.30.04 instructions can be found here.](#)
- [10.56. Section S.30.05 instructions can be found here.](#)
- [10.57. Section S.30.06 instructions can be found here.](#)
- [10.58. Section S.30.07 instructions can be found here.](#)
- [10.59. Section S.30.08 instructions can be found here.](#)
- [10.60. Section S.31.01 instructions can be found here.](#)
- [10.61. Section S.36.01 instructions can be found here.](#)
- [10.62. Section S.36.02 instructions can be found here.](#)
- [10.63. Section S.36.04 instructions can be found here.](#)
- [10.64. Section NS.07.01 instructions can be found here.](#)
- [10.65. Section NS.14.01 instructions can be found here.](#)
- [10.66. Section QMC.01 instructions can be found here.](#)

10.67. [Section AoC.01 instructions can be found here.](#)

10A DISCLOSURE TEMPLATES DATA ITEM INSTRUCTIONS (INDIVIDUAL FIRMS)

[10A.1 Section S.01.01 instructions can be found here.](#)

[10A.2 Section S.02.01 instructions can be found here.](#)

[10A.3 Section S.05.02 instructions can be found here.](#)

[10A.4 Section S.05.03 instructions can be found here.](#)

[10A.5 Section S.12.01 instructions can be found here.](#)

[10A.6 Section S.17.01 instructions can be found here.](#)

[10A.7 Section S.19.01 instructions can be found here.](#)

[10A.8 Section S.22.01 instructions can be found here.](#)

[10A.9 Section S.23.01 instructions can be found here.](#)

[10A.10 Section S.25.04 instructions can be found here.](#)

[10A.11 Section S.28.01 instructions can be found here.](#)

[10A.12 Section S.28.02 instructions can be found here.](#)

[10A.13 Section NS.07.01 instructions can be found here.](#)

11 REPORTING TEMPLATES DATA ITEM INSTRUCTIONS (GROUPS)¹²

[11.1 Section S.01.01 instructions can be found here.](#)

[11.2 Section S.01.02 instructions can be found here.](#)

[11.3 Section S.01.03 instructions can be found here.](#)

[11.4 Section S.02.01 instructions can be found here.](#)

[11.5 Section S.02.02 instructions can be found here.](#)

[11.6 Section S.03.01 instructions can be found here.](#)

[11.7 Section S.03.02 instructions can be found here.](#)

[11.8 Section S.03.03 instructions can be found here.](#)

11.9 [Section S.05.02 instructions can be found here.](#)

11.10 [Section S.05.03 instructions can be found here.](#)

11.11 [Section S.06.02 instructions can be found here.](#)

¹² We have not shown the deleted numbering previously consulted on in strike through, except for where the entire provision has been deleted. Instead, we have highlighted the numbering in yellow, where it differs to numbering previously consulted on.

- [11.12](#) Section S.06.03 instructions can be found here.
- [11.13](#) Section S.08.01 instructions can be found here.
- [11.14](#) Section S.09.01 instructions can be found here.
- [11.15](#) Section S.10.01 instructions can be found here.
- [11.16](#) Section S.11.01 instructions can be found here.
- [11.17](#) Section S.22.01 instructions can be found here.
- [11.18](#) Section S.23.01 instructions can be found here.
- [11.19](#) Section S.23.02 instructions can be found here.
- [11.20](#) Section S.23.03 instructions can be found here.
- [11.21](#) Section S.23.04 instructions can be found here.
- ~~[11.22](#) Section S.25.01 instructions can be found here.~~
- ~~[11.23](#) Section S.25.02 instructions can be found here.~~
- ~~[11.24](#) Section S.25.03 instructions can be found here.~~
- [11.22.](#) Section S.25.04 instructions can be found here.
- [11.23.](#) Section S.25.05 instructions can be found here.
- ~~[11.24.](#) Section S.26.01 instructions can be found here.~~
- ~~[11.26.](#) Section S.26.02 instructions can be found here.~~
- ~~[11.27.](#) Section S.26.03 instructions can be found here.~~
- ~~[11.28.](#) Section S.26.04 instructions can be found here.~~
- ~~[11.29.](#) Section S.26.05 instructions can be found here.~~
- ~~[11.30.](#) Section S.26.06 instructions can be found here.~~
- ~~[11.31.](#) Section S.26.07 instructions can be found here.~~
- ~~[11.32.](#) Section S.27.01 instructions can be found here.~~
- [11.24.](#) Section S.30.05 instructions can be found here.

11.25. Section S.31.01 instructions can be found here.

11.26. Section S.32.01 instructions can be found here.

11.27. Section S.33.01 instructions can be found here.

11.28. Section S.34.01 instructions can be found here.

11.29. Section S.35.01 instructions can be found here.

11.30. Section S.36.01 instructions can be found here.

11.31. Section S.36.02 instructions can be found here.

11.32. Section S.36.04 instructions can be found here.

11.33. Section S.37.01 instructions can be found here.

11.34. Section NS.07.01 instructions can be found here.

~~11.35. Section NS.14.01 instructions can be found here.~~

11.35. Section AoC.01 instructions can be found here.

11A DISCLOSURE TEMPLATES DATA ITEM INSTRUCTIONS (GROUPS)¹³

11A.1 Section S.02.01 instructions can be found here.

11A.2 Section S.05.02 instructions can be found here.

11A.3 Section S.05.03 instructions can be found here.

11A.4 Section S.22.01 instructions can be found here.

11A.5 Section S.23.01 instructions can be found here.

11A.6 Section S.25.0~~1~~⁴ instructions can be found here.

~~11A.7 Section S.25.02 instructions can be found here.~~

~~11A.8 Section S.25.03 instructions can be found here.~~

11A.7 Section S.32.01 instructions can be found here.

11A.8 Section NS.07.01 instructions can be found here.

12 ASSET CATEGORIES

12.1 Asset categories for the purposes of reporting under this Reporting Part can be found here.

¹³ We have not shown the deleted numbering previously consulted on in strike through, except for where the entire provision has been deleted. Instead, we have highlighted the numbering in yellow, where it differs to numbering previously consulted on.

13 COMPLEMENTARY IDENTIFICATION CODE (CIC) TABLE

13.1 The *CIC Code* table can be found here.

14 DEFINITIONS OF THE CIC CODE TABLE

14.1 Definitions of the *CIC code* table can be found here.

Annex P

Amendments to the External Audit Part

In this Annex new text is underlined and deleted text is struck through

Note: The changes being consulted on in this CP are highlighted in yellow and green. Other changes, which are not highlighted, were consulted on in CP 14/22 (Review of Solvency II: Reporting phase 2) and are shown for context but are not within the scope of this consultation. Changes highlighted in yellow and non-highlighted changes are shown relative to the current rulebook. Changes highlighted in green show the deletion of new text that was consulted on in CP 14/22 but which the PRA no longer proposes to introduce.

1. APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

~~annual quantitative reporting template~~

means a reporting template set out in EU Regulation 2015/2450 or any other relevant ~~Solvency II Regulations~~.

...

general insurance best estimate liability

means:

- (1) the sum of items entered under row codes ~~R0010~~, R0370, R0380, R0410 and R0420, column code C0180, of ~~the annual quantitative reporting template~~ annual quantitative reporting template S17.01.01 set out in the Reporting Part; plus
- (2) the sum of items entered under row codes ~~R0010~~ and R0030, column codes ~~C0090~~, ~~C0140~~ and ~~C0190~~, of ~~the annual quantitative reporting template~~ annual quantitative reporting template S12.01.01 set out in the Reporting Part,

in each case as required to be reported to the PRA for the relevant financial year end.

general insurance gross written premium

means the total of items entered under row codes ~~code~~ R0110, R0120 and R0130, as expressed in column code ~~C0015~~ C0200 where this column is completed for ~~these row codes that row code~~, of ~~the annual quantitative reporting template~~ annual quantitative reporting template S-05.01.01 template NS.07.01.01 set out in the Reporting Part, in each case as required to be reported to the PRA for the relevant financial year end.

...

life insurance best estimate liability

means:

- (1) the sum of items entered under row codes ~~R0010~~ and R0030, column codes ~~C0150~~ and ~~C0210~~ C0220 of ~~the annual quantitative reporting template~~ annual quantitative reporting template S12.01.01 set out in the Reporting Part; minus
- (2) the sum of items entered under row codes ~~R0010~~ and R0030, column codes ~~C0090~~, ~~C0140~~ and ~~C0190~~ of ~~the annual quantitative reporting template~~ annual quantitative reporting template S12.01.01 set out in the Reporting Part; minus
- (3) *corporate pensions business* reported under column code C0180 of ~~the annual quantitative reporting template~~ annual quantitative reporting template S14.01.01 set out in the Reporting Part,

in each case as required to be reported to the PRA for the relevant financial year end.

life insurance gross written premium

means:

- (1) the item entered under row code R0030R1440, column code C0060C9300 of the ~~annual quantitative reporting template~~ ~~annual quantitative reporting template~~ ~~template~~ S.05.03.01 **set out in the Reporting Part** S05.01.04; minus
- (2) *corporate pensions business* under column code C0060 of the ~~annual quantitative reporting template~~ ~~annual quantitative reporting template~~ ~~template~~ S14.01.01 **set out in the Reporting Part**.

in each case as required to be reported to the PRA for the relevant financial year end.

...

~~SFCR Implementing Technical Standard~~

~~means Commission Implementing Regulation (EU) No. of 2015/2452 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report according to Directive 2009/138/EC of the European Parliament of the Council~~

...

2. EXTERNAL AUDIT OF RELEVANT ELEMENTS OF THE SFCR

...

2.2 ...

- (2) Subject to (3), (4) and 4.2 and where appropriate, the following templates that are provided in the Reporting Part ~~SFCR Implementing Technical Standard~~;
 - (a) S.02.01.02
 - (b) S.12.01.02
 - (c) S.17.01.02
 - (d) S.22.01.21
 - (e) S.22.01.22
 - (f) S.23.01.01
 - (g) S.23.01.22
 - (h) ~~S.25.01.21~~ S.25.04.21
 - (i) ~~S.25.01.22~~ S.25.04.04
 - (j) S.28.01.01
 - (k) S.28.02.01
 - (l) S.32.01.22

Annex Q

Amendments to the Fees Part

In this Annex new text is underlined and deleted text is struck through

Note: The changes being consulted on in this CP are highlighted in yellow and green. Other changes, which are not highlighted, were consulted on in CP 14/22 (Review of Solvency II: Reporting phase 2) and are shown for context but are not within the scope of this consultation. Changes highlighted in yellow and non-highlighted changes are shown relative to the current rulebook. Changes highlighted in green show the deletion of new text that was consulted on in CP 14/22 but which the PRA no longer proposes to introduce.

1. APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~annual quantitative reporting template~~

means a reporting template set out in EU Regulation 2015/2450 or any other relevant ~~Solvency II Regulations~~.

...

~~best estimate liabilities for fees purposes~~

means:

- (1) for UK Solvency II firms in the *general insurance fee block* (A3), the sum of items entered under row codes ~~R0010~~, R0370, R0380, R0410 and R0420, column code C0180, of ~~the annual quantitative reporting template~~ ~~annual quantitative reporting template~~ S17.01.01 set out in the Reporting Part, plus the sum of items entered under row codes ~~R0010~~ and R0030, column codes C0090, ~~C0140~~ and C0190, of ~~the annual quantitative reporting template~~ ~~annual quantitative reporting template~~ S12.01.01 set out in the Reporting Part, as reported to the PRA;
- (2) ...
- (3) for UK Solvency II firms in the *life insurance fee block* (A4), the sum of items entered under row codes ~~R0010~~ and R0030, column codes ~~C0150~~ and ~~C0210~~ C0220, minus the sum of items entered under row codes ~~R0010~~ and R0030, column codes ~~C0090~~, ~~C0140~~ and ~~C0190~~ of ~~the annual quantitative reporting template~~ ~~annual quantitative reporting template~~ S12.01.01 set out in the Reporting Part, minus *corporate pensions business* reported under column code C0180 of ~~the annual quantitative reporting template~~ ~~annual quantitative reporting template~~ S14.01.01 set out in the Reporting Part, and minus 0.35 x *unit-linked business* which is not also *corporate pensions business* reported under column code C0180 of ~~the annual quantitative reporting template~~ ~~annual quantitative reporting template~~ S14.01.01 set out in the Reporting Part, as reported to the PRA.

...

~~corporate pensions business~~

means business reported using product ID codes 300-322 for ~~the annual quantitative reporting template~~ ~~annual quantitative reporting template~~ S14.01.01 set out in the Reporting Part.

...

gross written premium for fees purposes

means:

- (1) for UK Solvency II firms in the *general insurance fee block* (A3), the total of items entered under row codes R0110, R0120 and R0130, as expressed in column code C0015C0200 where this column is completed for those row codes, of the ~~annual quantitative reporting template~~ *annual quantitative reporting template* NS.07.01.01 set out in the Reporting Part S.05.01.01, as reported to the PRA;
- (2) ...
- (3) for UK Solvency II firms in the *life insurance fee block* (A4), the item entered under row code R0030R1410, column code C0060C0300 of the ~~annual quantitative reporting template~~ *annual quantitative reporting template* S05.01.01 S.05.03.01 set out in the Reporting Part minus *corporate pensions business* reported under column code C0060 of the ~~annual quantitative reporting template~~ *annual quantitative reporting template* S14.01.01 set out in the Reporting Part, and minus 0.35 x *unit-linked business* which is not also *corporate pensions business* reported under column code C0060 of the ~~annual quantitative reporting template~~ *annual quantitative reporting template* S14.01.01 set out in the Reporting Part, as reported to the PRA.

...

unit-linked business

means business reported using product ID codes 102, 112, 122, 132, 202, 212, 222, 232, 302, 312, 322, 622, and 722 for the ~~annual quantitative reporting template~~ *annual quantitative reporting template* S14.01.01 set out in the Reporting Part.

...