

Bank of England PRA

Appendix 11: Draft amendments to statement of policy – Solvency II: Capital add-ons

Statement of policy

April 2024

Draft for consultation



Draft amendments to statement of policy – Solvency II: Capital add-ons

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

2.10A Where a firm fails to comply with any requirement set out in Article 5(4) of Regulation (EU) 2017/2402, by reason of its negligence or omission, the PRA will assess whether that failure should be considered a significant deviation from the system of governance requirements set out in Conditions Governing Business 2.2 to 7.

...

2.12 In determining whether the risk profile of a firm deviates significantly from the assumptions underlying the matching adjustment, the volatility adjustment, the TMIR, or the TMTP, the PRA expects to consider all relevant factors, including the following:

- (a) those specified in paragraph 2.2;
- (b) the impact of the deviation on the SCR and own funds of the firm; and
- (c) for the matching adjustment, the conceptual and technical assumptions set out in Chapter 1A of SS7/18.¹

¹ Note the PRA proposed changes to SS7/18 in CP19/23: www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/september/cp1923app3a.pdf.