

Bank of England PRA

Appendix 22: Draft amendments to statement of policy – The PRA’s approach to insurance group supervision

Draft statement of policy

April 2024

Draft for consultation



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Draft amendments to SoP – The PRA’s approach to insurance group supervision.

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

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Ancillary own funds for an intermediate insurance holding company

3.9 Where the PRA is the group supervisor of a group that includes an intermediate insurance holding company or an intermediate mixed financial holding company, a firm may apply to the PRA for permission to include ancillary own funds in the calculation of group solvency. In determining whether or not to grant this modification, the PRA would be exercising its power under section 138BA of FSMA to modify Group Supervision 10.3(4) and follow the AOF permission process set out in SoP: The PRA’s approach to insurance own funds permissions.

3.10 In deciding whether eligible own funds can be included in the calculation of group solvency, the PRA will take into account:

- a) the status of the counterparties concerned, in relation to their ability and willingness to pay;
- b) the recoverability of the funds, taking account of the legal form of the ancillary own fund item and any conditions which would prevent the item from being successfully paid in or called up; and
- c) any information on the outcome of past calls that intermediate insurance holding companies and intermediate mixed financial holding companies have made for each ancillary own-fund item, to the extent that information can be reliably used to assess the expected outcome of future calls.

3.11 The PRA will approve a monetary amount for each ancillary own-fund item, or a method by which each ancillary own-fund item may be determined for a specified period of time.

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4: Third countries

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Parent undertakings outside the UK: levels

4.5 A firm may apply to the PRA for a permission under section 138A FSMA to modify Group Supervision 20.4 in cases where:

- a) a parent undertaking referred to in Group Supervision 2.1(3) is itself a subsidiary undertaking of an insurance holding company or mixed financial holding company which does not have its head office in the UK or Gibraltar or is a third country insurance undertaking or a third country reinsurance undertaking, and
- b) there is no positive HMT equivalence determination that the prudential regime of the third country equivalent.

4.6 The PRA may modify Group Supervision 20.4 so that it applies at a level in the group below the ultimate parent. The PRA will carry out a new verification of whether HMT equivalence determination applies at a lower level in the group.

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