

# Bank of England PRA

## Appendix 6: Draft amendments to statement of policy – Permissions for transitional measures on technical provisions and risk-free interest rates

**Draft statement of policy**

April 2024

Draft for consultation



# Draft amendments to statement of policy – Permissions for transitional measures on technical provisions and risk-free interest rates

## Draft statement of policy

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

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1.3 This SoP should be read in conjunction with the Transitional Measures on Technical Provisions Part of the PRA Rulebook, Chapters 10 and 12 of the Transitional Measures Part of the PRA Rulebook, any other rules relevant to UK Solvency II firms, ~~Regulation 53 of the Solvency 2 Regulations 2015~~,<sup>1</sup> supervisory statement (SS) 17/15 – Solvency II: Transitional measures on risk-free interest rates and technical provisions, and the PRA’s insurance approach document.<sup>2</sup>

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1.5 This SoP sets out the PRA’s approach to considering when it would:

- grant new permissions for firms to apply the TMTP or TMIR; ~~and~~
- revoke TMTP or TMIR permissions; ~~and~~
- vary firms’ TMIR permissions; ~~and~~
- modify certain TMTP rules, including by way of a variation of a firm’s TMTP permission.

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## Approach and process for applications for TMTP and TMIR permissions

2.2A The PRA will consider applications for the TMIR with respect to admissible insurance and reinsurance obligations<sup>3</sup>. The PRA will approve an application to use TMIR if the firm has calculated TMIR in accordance with Transitional Measures 10.2-10.5.

~~2.3 The PRA will also consider applications for the TMIR.~~ For applications for new permissions on TMTP or TMIR (collectively known as ‘transitional measures’) the considerations below apply.

2.4 For planning purposes, the PRA asks firms to notify their usual supervisory contacts at the earliest opportunity if they intend to make an application. When submitting an application

<sup>1</sup> [www.legislation.gov.uk/ukxi/2015/575/contents/made](http://www.legislation.gov.uk/ukxi/2015/575/contents/made).

<sup>2</sup> Available at: [www.bankofengland.co.uk/prudential-regulation/publication/pras-approach-to-supervision-of-the-banking-and-insurance-sectors](https://www.bankofengland.co.uk/prudential-regulation/publication/pras-approach-to-supervision-of-the-banking-and-insurance-sectors).

<sup>3</sup> Transitional Measures 1.2.

for these transitional measures, firms should inform the PRA of any other approvals or permissions for which they have applied. The PRA encourages firms to also give details of any other approvals or permissions for which they intend to apply. Where a firm has applied for any other approvals or permissions at the same time as applying for a transitional measure, the PRA may ask it to provide sensitivity tests showing the impact on the transitional measure if the other applications were to be rejected.

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## Varying or revoking TMIR permissions

2.9A A firm with a TMIR permission may apply to the PRA to vary that permission.

2.9B The PRA will vary the firm's TMIR permission if the calculation of TMIR complies with Transitional Measures 10.2-10.5 were the permission to be varied.

2.9C The PRA will revoke a firm's TMIR permission if it ceases to comply with Transitional Measures 10.2-10.5. The PRA will also revoke a firm's TMIR permission if a report submitted under Transitional Measures 12.4 shows that it is unrealistic to expect compliance with the SCR by 2032.

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