

**PRA RULEBOOK: NON-SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME –
TECHNICAL RULES AND ACTUARIAL FUNCTIONS INSTRUMENT 2015**

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 59 (approval for particular arrangements);
- (2) Section 60 (applications for approval);
- (3) Section 61 (determination of applications);
- (4) Section 64A (rules of conduct);
- (5) Section 137G (the PRA’s general rules);
- (6) Section 137T (general supplementary powers); and

in the exercise of powers and related provisions in Articles 2, 5, 6, 13, 17, 19 and 20 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492) as amended by the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).

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), and Articles 5, 13 and 22 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015, 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: Non-Solvency II Firms: Senior Insurance Managers Regime – Technical Rules and Actuarial Functions Instrument 2015

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

Commencement

E. Annexes A, C, D and F of this instrument come into force on 7 March 2016.

F. Annex B of this instrument comes into force on 16 December 2015.

G. Annex E of this instrument comes into force on 7 March 2017.

Citation

This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime – Technical Rules and Actuarial Functions Instrument 2015.

By order of the Board of the Prudential Regulation Authority

12 November 2015.

Annex A

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

Part

NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION
3. WITHDRAWAL OF A SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION
4. CEASING TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION
5. CHANGE IN DETAILS RELATING TO SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS
6. PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS
7. FORMS

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definitions shall apply:

commencement date

has the meaning given in Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions.

current approved person approval

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
 - (a) by the *PRA* for the performance of a *senior insurance management function*; or
 - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
 - (a) the *PRA* following the submission of a *grandfathering notification* under:
 - (i) Senior Insurance Managers Regime – Transitional Provisions;
 - (ii) Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions; or
 - (iii) Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions; or
 - (b) the *FCA* under any equivalent rules in the *FCA Handbook*; or
- (3) for the purposes of 2.5(2) and 2.6(1), an approval granted to that *person* under section 59 of *FSMA* by either the *PRA* or the *FCA* to perform a *controlled function* prior to the *commencement date* but which ceased (i) on or before the *commencement date*; and (ii) during the six-month period specified in 2.5(2) and 2.6(1), as the case may be.

grandfathering notification

has the meaning given in Non-Solvency II Firms - Senior Insurance Managers Regime - Transitional Provisions.

regulatory body

means any authority, body or *person* having, or who has had, responsibility for the supervision or regulation of any *regulated activities* or other financial services, whether within the *United Kingdom* or overseas.

scope of responsibilities form

means the form to be completed by a *firm* describing the significant responsibilities recorded in Non-Solvency II Firms - Fitness and Propriety 4.1(2).

senior insurance management approval application

means an application for approval to perform a *senior insurance management function* under section 59 of FSMA.

significant influence function

has the meaning given in the *FCA Handbook*.

2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

- 2.1 The *PRA* directs that a *firm* must make a *senior insurance management approval application* in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *senior insurance management approval application* unless:
- (1) the *firm* must use Form E under 2.3; or
 - (2) the *firm* must use Form A (shortened form) under 2.6.
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *senior insurance management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *senior insurance management function* and taking up a new *senior insurance management function* for the same *firm* or another member of its *group*; or
 - (2) ceasing to perform a *significant influence function* and taking up a *senior insurance management function* for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a *senior insurance management approval application* if:
- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
 - (2) any of the circumstances in 4.2(2)(a) to (d) apply in relation to:
 - (a) any *controlled function* that that *person* is ceasing to perform; or
 - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*.
- 2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *senior insurance management approval application* relates:
- (1) has never before been approved:
 - (a) by the *PRA* to perform a *controlled function*; or
 - (b) by the *FCA* to perform a *significant influence function*

for any *firm*;

or

- (2) has not been the subject of a *current approved person approval* in relation to any *firm* for more than six *months* prior to the date of application.
- 2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *senior insurance management approval application* if:
- (a) the *person* to whom the application relates:
- (i) has at the time of application a *current approved person approval*;
or
- (ii) has had a *current approved person approval* within the previous six *months*; and
- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *senior insurance management approval application* relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.
- (2) A *firm* must not use Form A (shortened form) if the circumstances set out in 2.3 apply.

- 2.7 The *PRA* directs that the form submitted for a *senior insurance management approval application* must be accompanied by a *scope of responsibilities form*.

3 WITHDRAWAL OF A SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION

- 3.1 The *PRA* directs that a *firm* withdrawing an outstanding *senior insurance management approval application* must do so using Form B.

4 CEASING TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

- 4.1 (1) A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *senior insurance management function*, using:
- (a) Form E if a *person* ceases to perform a *senior insurance management function* and the *firm* is also making an application for the same *person* to perform a new *senior insurance management function*; and
- (b) in all other cases, Form C.
- 4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *senior insurance management function holder*.
- (2) Form C is qualified if the information it contains:
- (a) relates to the fact that the *firm* has dismissed, or suspended, the *senior insurance management function holder* from its employment;

- (b) relates to the resignation by the *senior insurance management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
- (c) includes a notification under any of the provisions set out in 2.4(1); or
- (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the *senior insurance management function holder's* fitness and propriety.

5 CHANGE IN DETAILS RELATING TO SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS

- 5.1 If a *senior insurance management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

- 6.1 The *PRA* directs that, save as required by 6.2, a *firm* must make any applications, notifications or submissions required by this Part by submitting the form specified using the *ONA system*.
- 6.2 If, under any direction or rule in this Part:
 - (1) a *firm* is required to make an application, notification or submission online; and
 - (2) the information technology systems used by the *PRA* fail and online submission is unavailable for 24 hours or more,
 until such time as facilities for online submission are restored, a *firm* must submit the specified form in the way set out in Notifications 7.

7 FORMS

- 7.1
 - (1) Form A (long form) may be found [here](#).
 - (2) Form A (shortened form) may be found [here](#).
 - (3) Form B may be found [here](#).
 - (4) Form C may be found [here](#).
 - (5) Form D may be found [here](#).
 - (6) Form E may be found [here](#).
 - (7) The *scope of responsibilities form* may be found [here](#).

Annex B

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

Part

**NON-SOLVENCY II FIRMS – SENIOR INSURANCE
MANAGERS REGIME – TRANSITIONAL
PROVISIONS**

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. GENERAL**
- 3. GRANDFATHERING NOTIFICATION REQUIREMENTS**
- 4. PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS**
- 5. WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION**
- 6. TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING**
- 7. FORMS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that, on the *effective date*, has a *Part 4A permission for effecting contracts of insurance or carrying out contracts of insurance* and which will with effect from 1 January 2016 be:

(1) a *small non-directive insurer*; or

(2) a *run-off firm*.

1.2 In this Part, the following definitions shall apply:

candidate

means a *person* in respect of whom a *firm* has made a *pending application*.

commencement date

means 7 March 2016.

continued approval

means approval to perform a *senior insurance management function* under section 59 of *FSMA*, granted pursuant to a *grandfathering notification*.

effective date

means 16 December 2015.

equivalent function

means a *senior insurance management function* or an *FCA function* that, in either case, is specified in 6 as equivalent for the purposes of articles 2(3)(b) and 11(c) of the *Transitional Order*, to a *pre-implementation controlled function*.

FCA activities

means a function which would, except for SUP TP 8.2.3R of the *FCA Handbook*, be an *FCA governing function*.

FCA controlled function

means a *controlled function* specified by the *FCA* under section 59 of *FSMA*.

FCA function

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

FCA governing function

has the meaning given in SUP 10A.4.4R of the *FCA Handbook*.

grandfathering notification

means a notice required to be sent to the *PRA* under article 2(1) or 11(b) of the *Transitional Order*, including any update to such a notice.

non-executive director

means a *director* of a *firm* who does not perform an executive function in relation to that *firm*.

pending application

means an application for approval under section 60 of *FSMA* which:

- (1) has been received by the *FCA* or *PRA* from the *firm* on or before the *commencement date*, and
- (2) has not been determined or withdrawn.

pre-implementation controlled function

means any of the *controlled functions* listed in column 1 of the table in 6.

run-off firm

has the meaning given in Non-Solvency II Firms – Transitional Measures.

scope of responsibilities form

has the meaning given in Non-Solvency II Firms - Senior Insurance Managers Regime - Applications and Notifications.

senior insurance management function

means a function specified as a *controlled function* in Non-Solvency II Firms - Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492), as amended by the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).

2 GENERAL

- 2.1 The *PRA* directs that a *firm* must make a *grandfathering notification* using Form K before 8 February 2016.
- 2.2 The *PRA* directs that the notice required by article 6(1) of the *Transitional Order* must be provided to the *PRA* using Form K.
- 2.3 The *PRA* directs that the notice required by article 11(b) of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the *PRA* in Form K as part of a *grandfathering notification*.

3 GRANDFATHERING NOTIFICATION REQUIREMENTS

- 3.1 Where a *grandfathering notification* is required pursuant to 2.1, a firm must ensure that it sets out the following details in respect of each *approved person* or *candidate*:

- (1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;
 - (2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and
 - (3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.
- 3.2 The *PRA* directs that a *firm* must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in FCA SUP TP 8.2.3R in relation to:
- (1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or
 - (2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.
- 3.3 The *PRA* directs that a *firm* must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.

4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

- 4.1 The *PRA* directs that a *firm* must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.

5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 The *PRA* directs that if, before the *commencement date*, there has been a significant change to the matters covered by the *grandfathering notification*, the *firm* must provide a revised version of it to the *PRA*.

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

- 6.1 The *senior insurance management functions* set out in column 2 of the table are specified as *equivalent functions*, in each case in relation to the *pre-implementation controlled functions* set out in the corresponding row in column 1 of the table below.
- 6.2 The *FCA functions* set out in column 3 of the table are specified as *equivalent functions*, in each case in relation to the *pre-implementation controlled functions* set out in the corresponding row of column 1 of the table below.

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function

Small non-directive insurers		
Director (CF1)	Small Insurer Senior Management function (SIMF25)	FCA Director function (CF1) (See Note)
Non-executive director (CF2)	Small Insurer Senior Management function (SIMF25)	
Chief executive (CF3)	Small Insurer Senior Management function (SIMF25)	FCA Chief executive function (CF3) (See Note)
Director of unincorporated association (CF5)	Small Insurer Senior Management function (SIMF25)	FCA Director of unincorporated association function (CF5) (See Note)
Small friendly society (CF6)	Small Insurer Senior Management function (SIMF25)	FCA Small friendly society function (CF6) (See Note)
Actuary (CF12)	Small Insurer Chief Actuary function (SIMF20)	
With-Profits Actuary (CF12A)	Small Insurer With-Profits Actuary function (SIMF21)	
Systems and Controls (CF28)	Small Insurer Senior Management function (SIMF25)	

Note: See SUP TP 8.2.3R in the *FCA Handbook*.

- 6.3 A firm must submit a *scope of responsibilities form* to the PRA by 7 March 2017 in respect of any *senior insurance management function holder* with *continued approval* in relation to that firm.
- 6.4 (1) If, in relation to a firm, a *senior insurance management function holder* with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the *senior insurance management function* will include the performance of those *FCA activities* provided that the firm has included details of the *FCA activities* in a *scope of responsibilities form* for that *senior insurance management function holder* which is provided to the PRA by 7 March 2017.
- (2) If, in relation to a firm, a *senior insurance management function holder* with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that person:
- (a) ceases to perform the *senior insurance management function*;
 - (b) within three *months* of ceasing performance, is approved to perform a new *senior insurance management function* at the firm; and

(c) continues to perform the *FCA activities*,

performance of the new *senior insurance management function* will include the performance of those *FCA activities*, provided:

(d) the *PRA*'s approval to perform that *senior insurance management function* continues in force;

(e) the *firm* makes the notification required by SUP10A.11.12R(4) of the *FCA Handbook*; and

(f) that *person* performs and is continuing to perform the *FCA activities*.

6.5 If a *senior insurance management function holder* to whom 6.4 applies ceases to perform a *senior insurance management function* but continues to perform the *FCA activities*, 6.4(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

(1) approval by the *FCA* in respect of the performance by a *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

(2) three *months* from the time that the *person* ceased to perform that *senior insurance management function*.

6.6 The *PRA* directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.

7 FORMS

7.1 The *grandfathering notification* form, Form K, may be found [here](#).

7.2 The *scope of responsibilities* form may be found [here](#).

Annex C

This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015).

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGEMENT FUNCTIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. ~~SMALL INSURER SENIOR MANAGEMENT FUNCTION~~ GENERAL
3. SMALL INSURER SENIOR MANAGEMENT FUNCTION
4. SMALL INSURER CHIEF ACTUARY FUNCTION
5. SMALL INSURER WITH-PROFITS ACTUARY FUNCTION

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definitions shall apply:

FCA activities

means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.

Small Insurer Chief Actuary function

has the meaning given in 4.1.

Small Insurer Senior Management function

has the meaning given in ~~2.2~~ 3.1.

~~*Small Insurer Senior Management function holder*~~

~~means any person who is responsible for discharging the *Small Insurer Senior Management function*.~~

Small Insurer With-Profits Actuary function

has the meaning given in 5.1.

2 SMALL INSURER SENIOR MANAGEMENT FUNCTION GENERAL

2.1 ~~The function in 2.2~~ Each of the functions in 3 to 5 is a *controlled function* and a *senior insurance management function*.

~~2.2 The *Small Insurer Senior Management function* (SIMF 25) is the function of:~~

~~(1) having responsibility for the conduct of the *regulated activities*; or~~

~~(2) chairing the *governing body*,~~

~~of a *small non-directive insurer*.~~

2.3~~2~~ Each ~~person who performs a *Small Insurer Management function*~~ *Senior insurance management function holders* must each be approved by the PRA to perform that the applicable *senior insurance management function*.

~~2.4 (1) A firm must ensure that one or more persons performs the *Small Insurer Senior Management function* on its behalf.~~

~~(2) A firm must ensure that there is a person appointed to the *Small Insurer Senior Management function* who has ultimate responsibility for the conduct of its *regulated activities*.~~

~~(3) If a vacancy arises in respect of that aspect of the *Small Insurer Senior Management function* referred to in (2) above, a firm must ensure that it appoints a person to fill that vacancy as soon as practicable.~~

2.5~~3~~ To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be ~~the~~ a ~~*Small Insurer Senior Management*~~ senior insurance management function;
- (2) the appointment is solely to provide cover for a ~~holder of the *Small Insurer Senior Management*~~ senior insurance management function holder whose absence is:
 - (a) temporary; or
 - (b) reasonably unforeseen; and
- (3) the appointment is for less than 12 weeks in a consecutive 12-month period, the description of the ~~*Small Insurer Senior Management*~~ applicable senior insurance management function does not relate to those activities of that *person*.

2.64 If, in relation to a *firm*:

- (1) a ~~*Small Insurer Senior Management*~~ senior insurance management function holder also performs *FCA activities*, performance of the ~~*Small Insurer Senior Management*~~ senior insurance management function will include the performance of those *FCA activities*, provided the following conditions are met:
 - (a) the *PRA*'s approval to perform that ~~*Small Insurer Senior Management*~~ senior insurance management function has been granted and continues in force;
 - (b) at the time of approval being granted by the *PRA*, that *person* was not subject to an *FCA approval* to perform the particular *FCA governing function*;
 - (c) the *firm* made the notification required by SUP10A.11.12R (4) of the *FCA Handbook*; and
 - (d) that *person* performs and is continuing to perform the *FCA activities*.
- (2) a ~~*Small Insurer Senior Management*~~ senior insurance management function holder has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
 - (a) ceases to perform the ~~*Small Insurer Senior Management*~~ senior insurance management function;
 - (b) within three *months* of ceasing performance, is approved to perform a new ~~*Small Insurer Senior Management*~~ senior insurance management function at the *firm*; and
 - (c) continues to perform the *FCA activities*,

performance of the new ~~*Small Insurer Senior Management*~~ senior insurance management function will include the performance of those *FCA activities*, provided the conditions in (1) (a) to (d) are met.

2.75 If a ~~*Small Insurer Senior Management*~~ senior insurance management function holder to whom 2.64 applies ceases to perform a ~~*Small Insurer Senior Management*~~ senior insurance management function but continues to perform the *FCA activities*, 2.64 will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that ~~*Small Insurer Senior Management*~~ *senior insurance management function*.

3 SMALL INSURER SENIOR MANAGEMENT FUNCTION

3.1 The *Small Insurer Senior Management function* (SIMF 25) is the function of:

- (1) having responsibility for the conduct of the *regulated activities*; or
 - (2) chairing the *governing body*,
- of a *small non-directive insurer*.

- 3.2 (1) A *firm* must ensure that one or more *persons* performs the *Small Insurer Senior Management function* on its behalf.
- (2) A *firm* must ensure that there is a *person* appointed to the *Small Insurer Senior Management function* who has ultimate responsibility for the conduct of its *regulated activities*.
- (3) If a vacancy arises in respect of that aspect of the *Small Insurer Senior Management function* referred to in (2) above, a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.

4 SMALL INSURER CHIEF ACTUARY FUNCTION

4.1 The *Small Insurer Chief Actuary function* (SIMF 20) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 5.1 in relation to a *small non-directive insurer*.

5 SMALL INSURER WITH-PROFITS ACTUARY FUNCTION

5.1 The *Small Insurer With-Profits Actuary function* (SIMF 21) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 6.1 in relation to a *small non-directive insurer*.

Annex D

This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015).

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

NON-SOLVENCY II FIRMS - FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. OBLIGATION TO PROVIDE REFERENCES
4. DISCLOSURE AND REPLACEMENTS
5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definition shall apply:

continued approval

has the meaning given in Non-Solvency II Firms - Senior Insurance Managers Regime – Transitional Provisions.

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform a *senior insurance management function* are fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *senior insurance management function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider the *person's* past business conduct, including whether the *person* performs his or her *senior insurance management functions* in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

2.4 In deciding whether a *person* (P) is fit and proper to perform a *senior insurance management function*, a *firm* must:

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous five years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

2.5 If a *firm* engages a *person* for a continuous period of time as a *senior insurance management function holder* it is only required to comply with 2.4 the first time it determines that *person* is fit and proper in relation to a *senior insurance management function*.

3 OBLIGATION TO PROVIDE REFERENCES

3.1 [Not yet in force]

4 DISCLOSURE AND REPLACEMENTS

4.1 A *firm* must ensure that any application it makes for the approval of a *person* to perform a *senior insurance management function* provides the *PRA* with:

- (1) all the information needed to assess whether such *person* is fit and proper; and
- (2) its record of the significant responsibilities allocated to that *person*.

4.2 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *senior insurance management function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.

4.3 If a *firm* becomes aware of a significant change to a *senior insurance management function holder's* responsibilities, it must inform the *PRA* as soon as practicable.

4.4 Where a *firm* replaces a *senior insurance management function holder* because the *firm* considers that that *person* no longer fulfils the requirements in 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

5.1 The requirements of 2.4 do not apply to a *firm* in respect of any *person* who has *continued approval* in relation to that *firm*.

Annex E

This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015).

In this Annex, underlining indicates new text.

Part

NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

Chapter content

1. APPLICATION AND DEFINITIONS
2. ALLOCATION OF RESPONSIBILITIES
3. PRESCRIBED RESPONSIBILITIES

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definitions shall apply:

small non-directive insurer prescribed responsibility

means each of the responsibilities in 3.1.

2 ALLOCATION OF RESPONSIBILITIES

2.1 A *firm* must allocate each of the *small non-directive insurer prescribed responsibilities* to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by either:

- (1) the *PRA*; or
- (2) in relation to *relevant senior management functions* only, the *FCA*.

2.2 (1) A *firm* must have and maintain up-to-date records of the significant responsibilities allocated to each of those *persons*, including those allocated in accordance with 2.1.

(2) A *firm* must retain the records in (1) for six years from the date on which they were superseded by more up-to-date records.

(3) A *firm* must comply with (2) in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

2.3 The *firm* must provide the *PRA* with a copy of the records in 2.2 upon request.

3 PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:

- (1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information;
- (2) responsibility for management of the *firm's* financial resources;
- (3) responsibility for ensuring the *governing body* is kept informed of its legal and regulatory obligations; and
- (4) responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the *firm's* business model.

Annex F

This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015).

In this Annex, underlining indicates new text.

Part

NON-SOLVENCY II FIRMS - RUN-OFF FIRMS

Chapter content

1. APPLICATION AND DEFINITIONS
2. TRANSITIONAL APPLICATION OF RULES IN RELATION TO RUN-OFF FIRMS

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *run-off firm*; and
- (2) in relation to a *run-off firm*, to any person who is approved under section 59 of *FSMA* by either:
 - (a) the *PRA*; or
 - (b) the *FCA*, in relation to a *relevant senior management function*.

1.2 In this Part, the following definitions shall apply:

application rules

means the specifications within:

- (1) Non-Solvency II Firms - Senior Insurance Management Functions 1.1;
- (2) Non-Solvency II Firms - Fitness and Propriety 1.1; ~~and~~
- (3) Non-Solvency II Firms - Allocation of Responsibilities 1.1; and
- (4) Non-Solvency II Firms - Senior Insurance Managers Regime - Applications and Notifications 1.1.

run-off firm

means a *firm* to which, but for the application of Solvency II Firms: Transitional Measures 2.1 to 2.3, the *Solvency II rules* would apply.

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance – Conduct Standards, Insurance – Senior Insurance Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the Solvency II Firms Sector of the *PRA* Rulebook.

2 TRANSITIONAL APPLICATION OF RULES IN RELATION TO RUN-OFF FIRMS

2.1 Notwithstanding the *application rules*, the following Parts apply to a *run-off firm* for so long as it remains a *run-off firm*:

- (1) Non-Solvency II Firms - Senior Insurance Management Functions;
- (2) Non-Solvency II Firms - Fitness and Propriety; ~~and~~
- (3) Non-Solvency II Firms - Allocation of Responsibilities; and
- (4) Non-Solvency II Firms - Senior Insurance Managers Regime - Applications and Notifications.

- 2.2 Notwithstanding Non-Solvency II Firms - Conduct Standards 1.1, the rules in Non-Directive - Conduct Standards apply to any *person* subject to this Part.