

Supervisory Statement | SS1/15

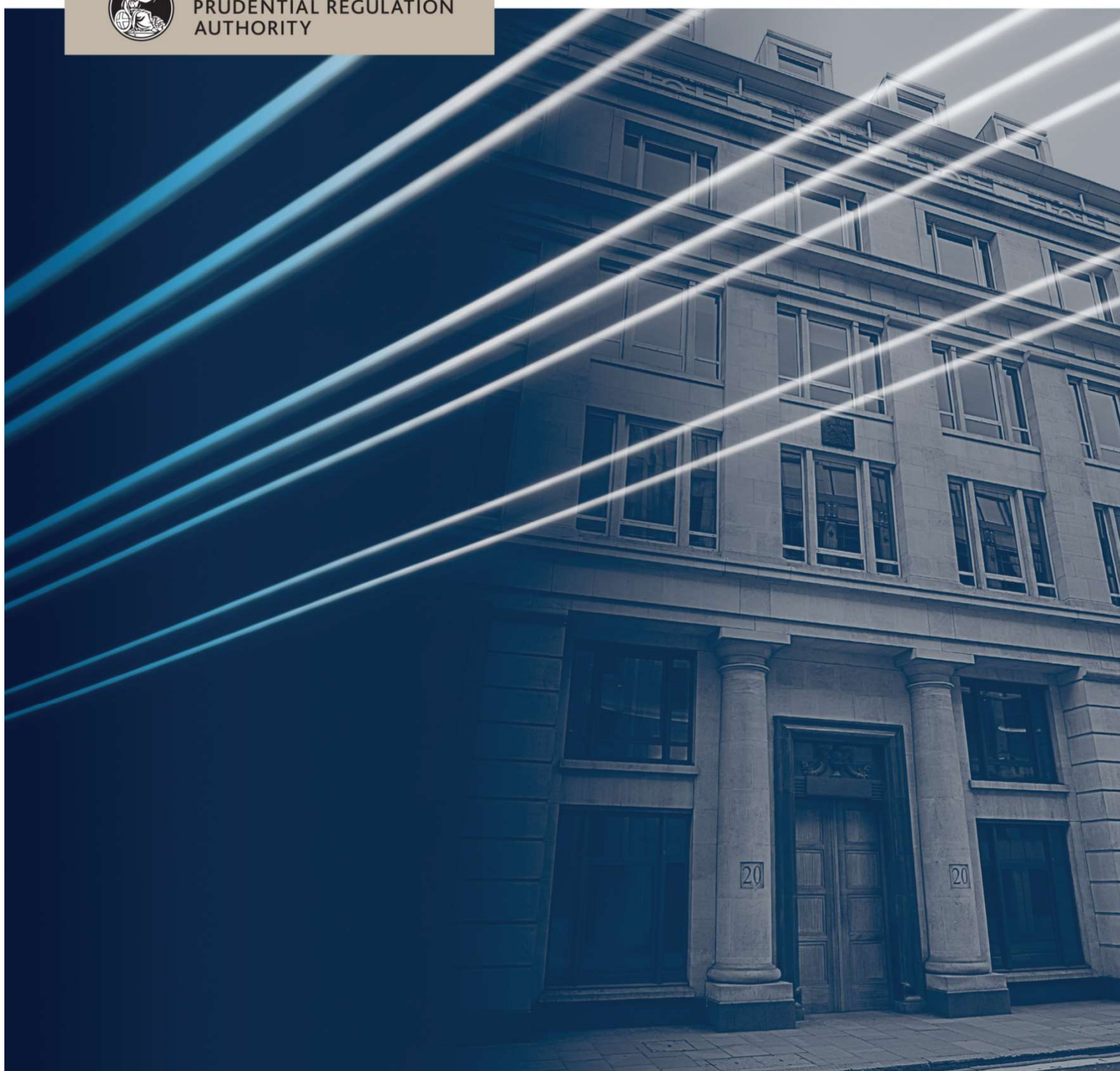
Insurance general application

November 2024

(Updating March 2015)



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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1 Introduction

1.1 This supervisory statement is addressed to all firms and to Lloyd's. The statement should be read alongside the Insurance General Application Part of the Prudential Regulation Authority Rulebook. It explains the scope of application of the PRA Rulebook Parts on Solvency II to UK Solvency II firms and to Lloyd's.

1.2 The PRA is publishing this statement to ensure that firms understand the requirements that they are expected to fulfil in order to comply with the PRA's rules. It expands on the general approach as set out in its insurance approach document.¹ By clarifying the scope of Solvency II, the PRA seeks to advance its statutory objectives of ensuring the safety and soundness of the firms it regulates, and contributing to securing an appropriate degree of protection for policyholders. The PRA has considered matters to which it is required to have regard, and it considers that this statement is compatible with the Regulatory Principles and relevant provisions of the Legislative and Regulatory Reform Act 2006. This statement is not expected to have any direct or indirect discriminatory impact under existing UK law.

1.3 This statement has been subject to public consultation and reflects the feedback that was received by the PRA.²

2 Scope of application of Solvency II

2.1 In the PRA Rulebook, the Solvency II rules apply to a UK Solvency II firm. They also apply to Lloyd's by virtue of the application of various provisions to the Society and, where specified, to managing agents (see Insurance General Application 3). The Lloyd's instrument of the PRA Rulebook contains provisions relevant to the application of the Solvency II rules and certain other rules to Lloyd's.

2.2 Though a firm might otherwise be excluded from the scope of 'UK Solvency II firm' under Insurance General Application 2.2, the provisions in the Solvency II rules will apply if the firm's Part 4A permission includes a requirement that it must comply with the Solvency II rules. This will be the case where a firm has opted in to the Solvency II regime or where a firm might otherwise be excluded but the PRA has decided to apply the Solvency II rules to that firm.

¹ The Prudential Regulation Authority's approach to insurance supervision, July 2023; www.bankofengland.co.uk/prudential-regulation/publication/pras-approach-to-supervision-of-the-banking-and-insurance-sectors

² PRA Consultation Paper CP16/14, 'Transposition of Solvency II: Part 3', August 2014; www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2014/cp1614

Appendix: SS1/15 updates

SS1/15 was originally published in March 2015.

This appendix details the changes that were made to this SS following its initial publication.

15 November 2024

This SS has been updated alongside the publication of Policy Statement (PS) 15/24 - Review of Solvency II: Restatement of assimilated law.³ This includes updating all previous references to the Commission Delegated Regulation (EU) 2015/35 so as to now refer to the relevant rule(s) in the PRA Rulebook.

This update includes removing references to the Solvency II Directive in paragraphs 2.1 and 2.2, as well as updating the links in footnotes.

³ www.bankofengland.co.uk/prudential-regulation/publication/2024/november/review-of-solvency-ii-restatement-of-assimilated-law-policy-statement.