

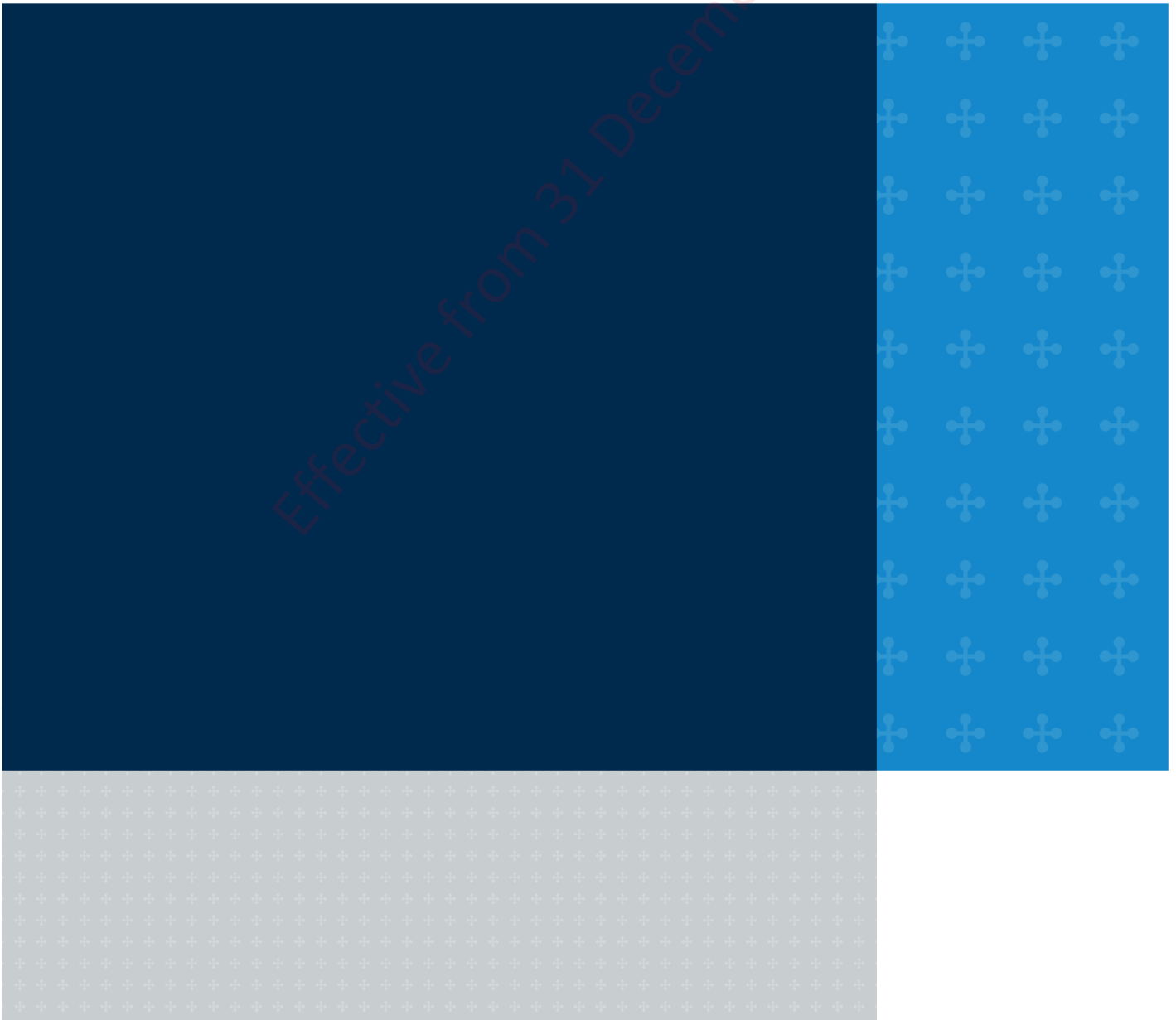


## Supervisory Statement | SS44/15

# Solvency II: third-country insurance and pure reinsurance branches

May 2026 (updating November 2024)

Effective from 31 December 2026



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BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

Supervisory Statement | SS44/15

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## 1 Introduction

1.1 This supervisory statement is addressed to third-country insurance undertakings that are headquartered outside of the UK or Gibraltar, and have a UK branch (third-country branch undertakings). This includes third-country insurance undertakings that have a UK branch that solely carries out reinsurance activities (a third-country pure reinsurance branch). The statement replaces Supervisory Statement 10/15 ‘Solvency II: third-country branches’.<sup>1</sup> It should be read alongside the Third Country Branches Part of the Prudential Regulation Authority (PRA) Rulebook, any other rules in the PRA Rulebook that apply to third-country branch undertakings, the PRA statement of policy 7/24 (SoP7/24) – The Prudential Regulation Authority’s approach to insurance branch authorisation and supervision, and the relevant provisions of the Financial Services and Markets Act 2000 (FSMA). It sets out the PRA’s expectations of third-country branch undertakings.

1.2 This statement does not apply to Swiss General Insurers, as defined in the PRA Rulebook, to which different requirements apply pursuant to the Swiss Treaty Agreement (No. 91/370/EEC).

1.3 [Deleted].

1.4 [Deleted].

1.5 [Deleted].

1.6 Firms should also refer to:

- Statement (SS) 40/15 ‘Solvency II: reporting and disclosure’;<sup>5b</sup> and
- Supervisory statement (SS) 20/16 – Solvency II: Reinsurance – Counterparty credit risk.<sup>5c</sup>

1.7 [Deleted]

1.8 Other supervisory statements apply to third-country branch undertakings with any necessary modifications, and insofar as they are relevant to rules referred to in the Third Country Branches Part (or any other rules that apply to third-country branch undertakings).

## 2 Compliance with the Guidelines

[This section has been deleted].

## 3 Availability of assets and winding up

3.1 [Deleted].

3.2 [This text has been moved to 4.1A].

3.3 The PRA expects considerable importance to be attached to calculating available branch assets so as to ensure that only those assets that are available to pay the claims of branch insurance

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<sup>1</sup> March 2015: Supervisory statement 10/15 - <http://www.bankofengland.co.uk/prudential-regulation/publication/2015/solvency2-third-country-branches-ss>.

<sup>5b</sup> July 2016: Supervisory Statement 40/15 – <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2021/ss4015-december-2021.pdf>

<sup>5c</sup> November 2016: Supervisory Statement 20/16 – <https://www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency2-reinsurance-counterparty-credit-risk-ss>

policyholders in the event of a winding up event are included in the calculation, as set out in the Third Country Branches Part of the PRA Rulebook.

3.4 In accordance with Article 49 of Chapter 2A of the Reporting Part of the PRA Rulebook, third-country branch undertakings are required to submit to the PRA a resolution report with an analysis of the applicable winding up regime of the home jurisdiction, analysing the priority given to policyholders of the third-country branch compared to other policyholders of the third-country branch undertaking and how the assets of the third-country branch undertaking would be distributed to those third-country branch policyholders.

3.4A As part of the analysis referred to in paragraph 3.4, the PRA expects third-country branch undertakings to provide a numerical illustration of how the available assets would be distributed in a winding up of the third-country branch undertaking. This should reflect the order of priorities of claims which would apply to the distribution of branch assets and take into account all arrangements which may be in place to provide certain insurance policyholders or creditors security, protection, or priority. This analysis should be supported by a legal opinion, taking into account the applicable laws relating to winding up in the home jurisdiction. The qualifications of the person providing the analysis and their competency to advise in respect of those laws should also be stated.

3.4B As set out in section 6 of this supervisory statement, where there is a significant change in the winding up regime applicable to the third-country branch, the PRA expects that the third-country branch undertaking submits an update of the information in paragraphs 3.4 and 3.4A to the PRA as soon as possible.

3.4C As there are no UK individual policyholders whose interests need safeguarding, the PRA does not expect third-country pure reinsurance branches to calculate their available assets and provide the aforementioned numerical illustration as a matter of course with their resolution report. However, the supervisor may request this in circumstances when they deem this information necessary.

3.4D As part of the resolution report, the PRA expects third-country branch undertakings to provide information to enable the PRA to assess the following, in so far as relevant:

- the risk that branch policyholders' claims may be diluted by non-branch claims;
- the steps which a liquidator needs to take to assume control of, and collect in the branch available assets, and whether such steps would be effective where competing claims in relation to those assets are exercised by other creditors or another liquidator administering winding up proceedings with regard to the third-country branch undertaking;
- the risk that branch liabilities are not related to the claims of UK policyholders such that they function as a mechanism for improperly or otherwise transferring branch available assets to any other creditor of the undertaking, any member of the same group, or any third party to the detriment of UK policyholders;
- whether the contractual relationships between the third-country branch undertaking and third parties enable the use of branch available assets for purposes other than satisfying branch liabilities;
- the effects of specific legal requirements to use branch available assets for purposes other than satisfying branch liabilities;

- whether there are any tax disadvantages or advantages for the third country branch undertaking arising upon the use of branch available assets for purposes other than satisfying branch liabilities; and
- whether there are any exchange controls that may have an impact on the use of branch available assets for purposes other than satisfying branch liabilities.

3.5 [Deleted].

## 4 Worldwide financial resources

4.1 In the PRA Rulebook, Third Country Branches 13 requires a third-country branch undertaking to maintain adequate worldwide financial resources and assess the adequacy of these resources. For this purpose, the PRA will consider the undertaking's compliance with the prudential regime under which it is supervised in its home country.

4.1A The PRA expects third-country branch undertakings to maintain financial soundness to ensure that the branch policyholders enjoy the same level of protection as those policyholders of an insurance undertaking with its head office situated in the UK. [This paragraph has been moved from paragraph 3.2].

4.2 The PRA expects the third-country branch undertaking to provide sufficient information so that the PRA may form an opinion on the adequacy of the worldwide financial resources of the undertaking. This includes the information set out in paragraph 9.4.

4.3 Where the PRA assesses the home jurisdiction's regime to be broadly equivalent to the regime applied by the PRA to (re)insurers whose head office is in the UK, then compliance with the financial resources requirements of that prudential regime may be relied on by the third-country branch undertaking as tending to establish compliance with the PRA's worldwide financial resources rule. Contravention of financial resources requirements of the home jurisdiction's prudential regime may be relied on as tending to establish contravention of the PRA's worldwide financial resources rule.

4.4 Where that prudential regime is not broadly equivalent to the regime applied by the PRA to (re)insurers whose head office is in the UK and a third-country branch undertaking from such a jurisdiction notifies the PRA that it is in financial difficulty, then the PRA will take appropriate actions such as assessing whether that third-country branch undertaking still meets Threshold Conditions and has adequate financial resources. This assessment may use the methods and techniques applicable to (re)insurers whose head office is in the UK.

4.5 Where the adequacy of worldwide financial resources of the third-country branch undertaking is found to be in contravention of the home jurisdiction's prudential regime, the PRA would expect further information to be submitted by the third-country branch undertaking.

4.6 As a minimum, the PRA would expect the third-country branch undertaking to submit a realistic plan to recover sufficient financial resources which explicitly identifies any branch specific recovery conditions.

## 5 Scheme of operations

5.1 The PRA will ask for a scheme of operations that sets out all the information required under Third Country Branches 5.1 as part of the application process for any third-country branch

undertaking applying for a grant or variation of permission. The PRA may request that the scheme of operations includes an analysis of the impact of material differences between the undertaking's home country solvency regime and the UK Solvency II regime.

## 6 Reporting

6.1 [Deleted].

6.2 [Deleted].

6.3 [Deleted].

6.4 [Deleted].

6.5 [Deleted].

6.6 [Deleted].

6.7 [Deleted]

6.7A The PRA expects that third-country branch undertakings guarantee that branch insurance policyholders can obtain any publicly disclosed information concerning the solvency and financial condition of the third-country branch undertaking, if the rules and regulations of the home jurisdiction prescribe such disclosure.

6.8 [Deleted]

6.8A With regard to branch operations, the PRA expects third-country branch undertakings to submit the following information to the PRA and agree with their supervisor the frequency with which the information should be submitted:

- a copy of the supervisory reporting documentation of the third-country branch undertaking; and
- a summary of any significant concerns which the home supervisor has raised with the third-country branch undertaking.

6.8A1 Where particular risks are identified, the PRA may request further information in relation to the above.

6.8B The PRA may also require third-country branch undertakings to communicate any other information prepared under the responsibility of, or at the request of, the administrative, management or supervisory body of the undertaking, in relation to operations of the branch.

6.8C Where a significant development affects the information received from a third-country branch undertaking, the PRA expects that the undertaking should submit an update of this information to the PRA as soon as possible. Such an update can take the form of amendments to the initial report.

6.9 Third-country branches should refer to Supervisory Statement 40/15, 'Solvency II: reporting and disclosure'.<sup>9</sup> The supervisory statement sets out the PRA's expectations in the following areas that are relevant to branches:

- accident or underwriting year reporting for templates, where this is relevant (section 4);
- reporting of annuities stemming from non-life obligations by currency (section 8); and
- development of the distribution of reported but not settled (RBNS) claims - reporting of numbers of claims (section 9).

6.9A [Deleted].

6.10 [Deleted].

## 6A Notifications

6A.1 As set out in Fundamental Rule 7,<sup>11</sup> third-country branches must disclose to the PRA appropriately anything relating to the third-country branch or third-country branch undertaking of which the PRA would reasonably expect notice. This section sets out some examples of circumstances in which the PRA would expect notification.

6A.2 As set out in the PRA's SoP7/24, the PRA expects third-country branches to have under a specified threshold of insurance liabilities covered by the Financial Services Compensation Scheme (FSCS) when operating as a branch, and may consider authorisation as a subsidiary as an alternative where that is not the case. While not a hard threshold, the PRA expects third-country branches to notify the PRA where it is projected that the FSCS-protected liabilities of the branch may grow above this threshold over the next three years.

6A.3 Third-country branches are also expected to notify the PRA where:

- the reinsurance arrangements of the third-country branch undertaking change materially from the point of authorisation, or where the arrangements would result in high levels of reinsurance with regard to the factors listed in Table A of the PRA's SoP7/24,<sup>12</sup> and
- the liabilities and/or premiums of the third-country branch increase materially as compared to the third-country branch undertaking, so that the PRA can reassess the supervisability of the third-country branch undertaking.

## 7 Third-country branches as composites

[This section has been deleted].

<sup>7</sup> [Deleted].

<sup>8</sup> [Deleted].

<sup>9</sup> Supervisory Statement 40/15 - [Solvency II: reporting and public disclosure options provided to supervisory authorities](#).

<sup>11</sup> Rule 2.7 of the Fundamental Rules Part of the PRA Rulebook.

<sup>12</sup> Statement of Policy - [The PRA's approach to the authorisation and supervision of insurance branches](#).

## 8 Application of other supervisory statements to third-country branch undertakings

[This section has been deleted].

[This paragraph has been moved to paragraph 1.8]

## 9 Own Risk and Solvency Assessment (ORSA) reporting

9.1 Third-country branches are required to submit ORSAs to the PRA.<sup>13</sup> Third-country branches should discuss their approach to ORSA submission with their supervisor. The PRA will adopt a proportionate approach to ORSA submission, and where appropriate it will consider proposals from third-country branches to combine submissions and submit the third-country branch undertaking ORSA in lieu of a separate UK third-country branch ORSA.

9.2 The PRA expects that third-country branches consider the relative size of the third-country branch, as compared with the third-country branch undertaking, when determining what would constitute a proportionate approach to ORSA submission.

9.3 The PRA expects that where the third-country branch undertaking ORSA is submitted in lieu of a third-country branch ORSA, it should contain the following at minimum, and that additional content (usually in the form of a branch annex) should be agreed with the supervisor:

- an overview of the branch business model and risks to that business model/strategy;
- any material risk for third-country branch operations;
- any risk of the third-country branch undertaking which may have an effect on branch operations; including a description of the arrangements, and risks thereof, between the third-country branch and third-country branch undertaking;
- identification and analysis of any material risks for third-country branch operations which are also material for the third-country branch undertaking. In this context, material risks include any risks which could significantly impact the viability of the business model; and
- a description of the third-country branch undertaking's system of governance, in accordance with Chapter 2 and 2A of the Conditions Governing Business Part of the PRA Rulebook.

9.4 Where a third-country branch chooses to submit a branch-specific ORSA, the PRA expects that it should also cover the factors outlined above, as well as information on the following:

- overall strategic direction and risk profile of the third-country branch, including how it fits with the third-country branch undertaking's strategy and risk profile;
- a brief summary of the third-country branch undertaking's solvency position over the business planning period, including a rationale for the appropriateness of capital buffers and an overview of stress testing results;
- evidence of ORSA sign-off by the branch management board, and its inclusion in the overall decision-making framework of the third-country branch.

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13 Conditions Governing Business 3.8. See also <https://www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency2-orsa>

9.5 The PRA expects that as part of its ORSA, the third-country branch or the third-country branch undertaking assess the permanent availability of the branch assets, as set out in the Third Country Branches Part of the PRA Rulebook, and addresses in its assessment the risks to the effectiveness of arrangements (if any) to ensure that branch assets are paid only to branch insurance creditors and branch preferential creditors. Cross-references may be made to the triennial resolution report (see Article 49 of the Reporting Part of the PRA Rulebook).

## 10 System of governance

10.1 Third-country branches are required to have in place an effective system of governance which provides for sound and prudent management of the business. The detailed requirements on system of governance are listed in Chapter 7 of the Third Country Branches Part of the PRA Rulebook.

10.2 The PRA expects third-country branches to assess how their organisational structures support transparency, accountability, and the need for appropriate management of any conflicts of interest, including between the third-country branch and the third-country branch undertaking.

## 11 The Senior Managers & Certification Regime (SM&CR)

11.1 All third-country branches are required to have a fit and proper individual appointed as the Senior Management Function (SMF) 19 – Head of Third Country Branch (and, where relevant, a With-Profits Actuary).<sup>14</sup> Individuals performing the SMF19 must have responsibility within the branch over the conduct of all activities subject to UK regulation.

11.2 The PRA expects third-country branch undertakings to conduct their own analysis regarding which SMFs are required. The PRA will assess the appropriateness of these arrangements on a case-by-case basis. In addition to other factors, the size and complexity of the third-country branch should inform this analysis. Third-country branches should also consider the requirement set out in Insurance – Allocation of Responsibilities 2.3 to have all the prescribed responsibilities allocated to an approved person when considering which SMFs are required. Third-country branch undertakings should also refer to the wider expectations regarding the SM&CR that are set out in SS35/15 – Strengthening individual accountability in insurance.<sup>16</sup>

11.3 Where a branch operates in the UK alongside a material subsidiary, the PRA expects there to be controls around the division of risks accepted through the subsidiary and the branch (for example, in the supply of key services between those entities). While there is scope for key risk management function-holders to combine roles across the UK entities (subsidiary and branch), third-country branch undertakings are expected to ensure that any conflicts of interest that may arise for the function holder as a result are appropriately managed.

## 12 Whistleblowing

12.1 Third-country branches are required to comply with Rule 2.4 in the Whistleblowing Part of the PRA Rulebook, in relation to a third-country branch undertaking's workers in the UK. Third-country branches should refer to the expectations in SS39/15 – 'Whistleblowing in deposit-takers, PRA-

<sup>14</sup> See Insurance – Senior Management Functions and Insurance – Fitness and Propriety Parts of the PRA Rulebook.

<sup>16</sup> Supervisory Statement 35/15 – <http://www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss>

designated investment firms and insurers' for guidance on how to comply with the relevant whistleblowing requirements.<sup>17</sup>

## 13 Re-domiciliation of third-country insurers

13.1 When the third-country branch undertaking that is authorised to operate a third-country branch in the UK redomiciles to another jurisdiction, the PRA expects a new application to be submitted for authorisation to write business as a third-country branch. This expectation applies irrespective of the country of re-domiciliation. When assessing the new authorisation application, the PRA will take a proportionate and streamlined approach depending on whether there are material differences in the third-country branch's new application. The PRA would therefore expect the new authorisation application to focus on any changes arising from re-domiciliation.

## 14 Operational risk and outsourcing

14.1 Third-country branches should refer to the following for detailed rules and guidance when considering operational risk management:<sup>18</sup>

- PRA Rulebook – Fundamental Rules;
- PRA Rulebook Conditions Governing Business;<sup>19</sup>
  - Rules 2.2 to 2.6 – General Governance Requirements;<sup>20</sup>
  - Chapter 3 – Risk Management;
  - Chapter 7 - Outsourcing;<sup>21</sup>
- Threshold Conditions: Prudent conduct of business, suitability and effective supervision;
- Supervisory Statement 2/21, 'Outsourcing and third party risk management';<sup>22</sup> and
- Supervisory Statement 35/15 'Strengthening individual accountability in insurance' where the third-country branch has found it appropriate to appoint an SMF role holder with prescribed responsibilities in respect of operational risk management.<sup>23</sup>

14.2 This section does not consider the requirements and expectations of the Financial Conduct Authority (FCA). The FCA should be contacted directly to understand their requirements and expectations for operational risk.

17 Supervisory Statement 39/15 - <http://www.bankofengland.co.uk/prudential-regulation/publication/2015/whistleblowing-in-deposit-takers-pra-designated-investment-firms-and-insurers-ss>

18 In addition to the list above, attention of third-country branches is drawn to Discussion Paper 3/22, available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2022/july/operational-resilience-critical-third-parties-uk-financial-sector> and any subsequent supervisory statement/s that may arise from this policy work.

19 Other Conditions Governing Business rules not mentioned here remain applicable to third country branches – see Third Country Branches 7.1 of the PRA Rulebook.

20 Specifically on risk management and outsourcing, continuity and regularity of its activities, contingency plans.

21 To be read in conjunction with SS2/21.

22 Supervisory Statement 2/21 – <http://www.bankofengland.co.uk/prudential-regulation/publication/2021/march/outsourcing-and-third-party-risk-management-ss>

23 Supervisory Statement 35/15 – <http://www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss>