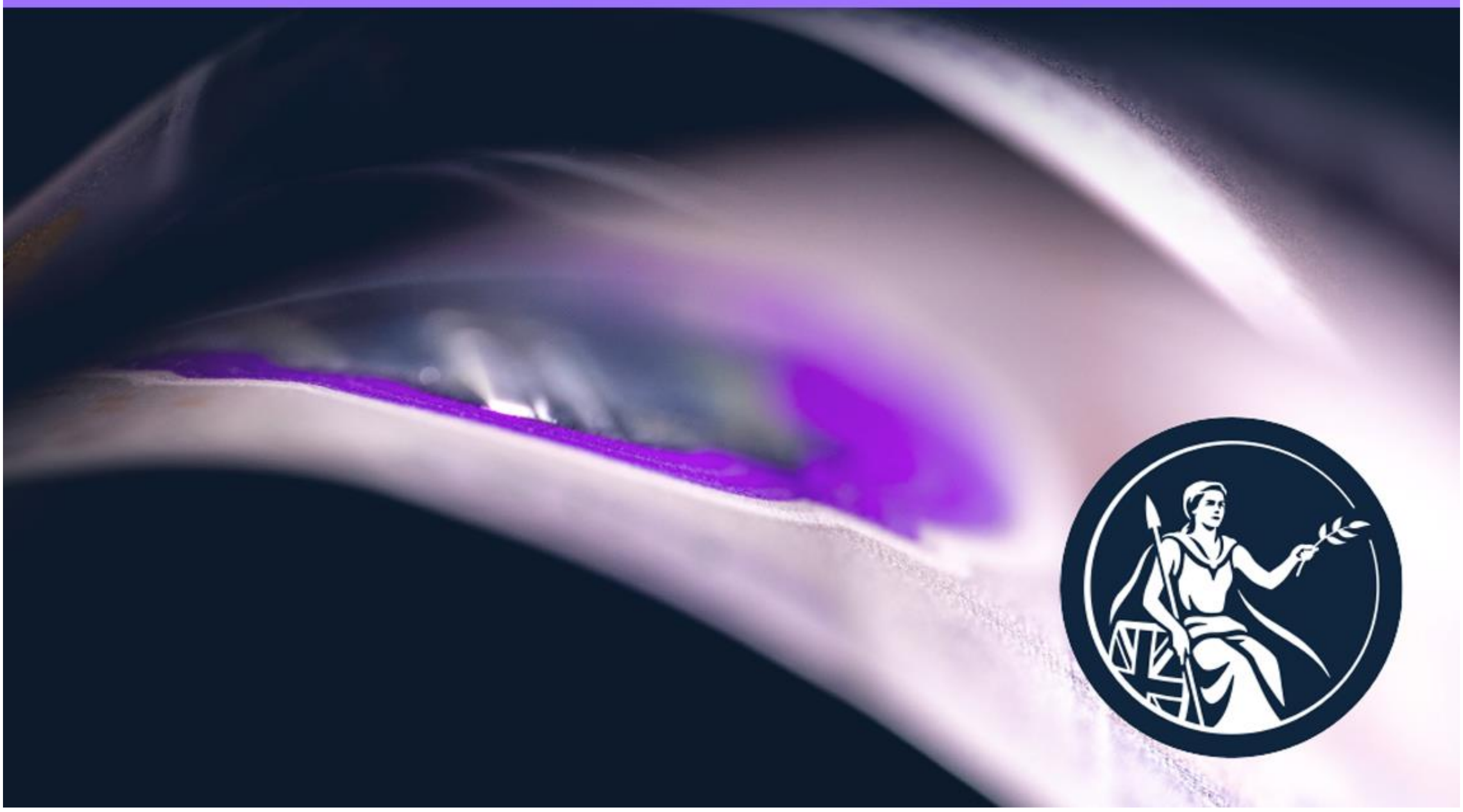
Bank of England PRA

# Solvent exit planning for insurers

**Supervisory statement | SS11/24**

December 2024



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Prudential Regulation Authority | 20 Moorgate | London EC2R 6DA

# Contents

# 1: Introduction

1.1 This supervisory statement (SS) sets out the Prudential Regulation Authority's (PRA) expectations for UK insurers to prepare, as part of their business-as-usual (BAU) activities, for an orderly 'solvent exit'; and if needed, to be able to execute a solvent exit.

1.2 This SS applies to all PRA-regulated insurers except firms in passive run-off,[1] UK branches of overseas insurers and Lloyd's managing agents. With the above exceptions, it applies to UK Solvency II firms, non-Directive firms and the Society of Lloyd's.[2] This SS collectively refers to these in-scope entities as 'insurers' or 'firms' unless otherwise specified. Insurers that are not in scope of this SS may also find these expectations helpful in preparing themselves for the cessation of PRA-regulated activities. HM Treasury indicated in August 2023 that the Government planned to legislate when parliamentary time allows for an Insurance Resolution Regime (IRR).[3] The PRA will consider the need for amendments to this policy when an IRR is enacted.

1.3 A solvent exit means the process through which a firm ceases its insurance business while remaining solvent.[4] A solvent exit could be achieved by a run-off,[5] sale or partial sale, a merger with another insurer or mutual, a transfer of all or part of the business under Part VII of the Financial Services and Markets Act 2000 (FSMA), a scheme of arrangement, and/or restructuring plan,[6] or a combination thereof. A solvent exit will end with the removal of the activities of effecting and carrying out contracts of insurance from a firm's Part 4A permission, or with the cancellation of the firm's Part 4A permission (hereinafter referred to as the removal of the firm's Part 4A permission).[7]

1.4 This SS sets expectations for i) the preparations for, and ii) the execution of a solvent exit. Chapter 2 sets out the PRA's expectations for how a firm should **prepare for an**

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1 See Rule 1.3 of the Preparations for Solvent Exit Part of the PRA Rulebook. 'Passive run-off firm' means a firm (1) which has ceased effecting contracts of insurance; (2) whose Part 4A permission for effecting contracts of insurance has been cancelled; and (3) which is not a run-off acquirer. 'Run-off acquirer' means a firm which acquires and carries out contracts of insurance in run-off.

2 In respect of the insurance business carried on at Society of Lloyd's.

3 As per HM Treasury's consultation on the **Insurer Resolution Regime**, the IRR is intended to apply to a subset of firms being the largest insurers, multiple insurers which are likely to fail concurrently or insurers offering 'niche' business lines where replacement or substitute cover cannot easily be obtained.

4 In this SS, 'solvent' refers to a firm meeting its liabilities when they fall due.

5 Within the insurance industry, a run-off is when a firm ceases to effect new contracts of insurance and extinguishes its insurance liabilities by paying valid claims in full as they fall due, and/or by commuting the liabilities with policyholders, and/or by transferring some or all of its liabilities to another reinsurer before its Part 4A permission (including carrying out contracts of insurance) is removed.

6 Under Part 26 or Part 26A of the Companies Act 2006.

7 The exact timing and sequencing may depend on circumstances. On a case-by-case basis, the PRA may exercise its powers to vary or cancel a firm's Part 4A permission on the PRA's initiative. See section 55J of FSMA.

**orderly solvent exit as part of its BAU activities**. A firm should produce a Solvent Exit Analysis (SEA) to meet the expectations in that chapter. The SEA should set out the option of a run-off of the firm's policyholder liabilities, in addition to other solvent exit options the firm considers appropriate. The firm should also take into account how it will meet all other liabilities while it is running off its policyholder liabilities. Chapter 3 sets out the PRA's expectations for a firm to produce a Solvent Exit Execution Plan (SEEP) **when solvent exit becomes a reasonable prospect for a firm**. It also sets out the PRA's expectations for how a firm should manage and monitor the execution of a solvent exit.

1.5 Solvent exit planning ensures firms are better prepared to exit the market in an orderly manner. Solvent exit improves the outcome for policyholders relative to circumstances such as insolvency being invoked, failed recovery strategies, or claims being written down; and it may also be an option in non-stressed circumstances. Uncertain and overly protracted exits could pose a risk to financial stability and the wider market by increasing the likelihood that an insurer's exit is disorderly. Facilitating a smoother process for insurers to cease PRA-regulated activities supports a well-functioning and competitive market, where new insurers can enter, and unviable insurers can exit with less difficulty.

1.6 In meeting the expectations in this SS, a firm may draw on and adapt its work under other existing regulatory requirements such as its Own Risk and Solvency Assessment (ORSA), capital management plan, and recovery and resolution planning,[8] if applicable. Its solvent exit preparations should be consistent with and complementary to its work in these other areas.

1.7 This SS complements, and should be read in conjunction, with:

- the Preparations for Solvent Exit Part of the PRA Rulebook;[9]
- the PRA's web page on **Cancelling a firm's permissions**;
- the PRA's web page on **Variation of permission**;
- the PRA's web page on **Insurance firms in run-off** including the references to the scheme of operations rules in the Run-off Operations Part of the PRA Rulebook for Solvency II and non-Directive firms;
- the Financial Conduct Authority's (FCA's) web page on **Cancelling an authorisation or registration** and Handbook SUP 6 **Applications to vary and**

8 For example, recovery and resolution plans are prepared by Internationally Active Insurance Groups (IAIGs) as part of the requirements for the Common Framework for the supervision of IAIGs.

9 **https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2024/december/ps2024app1.pdf**.

**cancel Part 4A permission and to impose, vary or cancel requirements** which applies to firms, including dual-regulated firms; and

- the FCA's **Wind-down Planning Guide (WDPG)** and TR22/1: **Observations on wind-down planning: liquidity, triggers & intragroup dependencies**, which contain content and examples of good practice which firms may find helpful.

# 2: Preparing a solvent exit analysis

2.1 This Chapter sets out the PRA's expectations for how a firm should prepare for an orderly solvent exit as part of its BAU activities by producing an SEA. These expectations apply regardless of how unlikely or distant a prospect solvent exit may seem to the firm. If and when the execution of a solvent exit becomes a reasonable prospect, the firm should then produce a SEEP as described in Chapter 3.

2.2 A firm should produce an SEA to demonstrate that the firm meets the expectations in this Chapter. The SEA should include, at a minimum, the below contents, which are elaborated on in the rest of this Chapter:

- solvent exit actions;
- solvent exit indicators;
- potential barriers and risks;
- resources and costs;
- communications;
- governance and decision-making; and
- assurance.

2.3 The level of detail in the SEA should be proportionate to the nature, scale, and complexity of the firm.[10] The firm may include the SEA as a discrete section in its ORSA, capital management plan, or recovery and resolution plan, if appropriate; but may set out the SEA separately if the firm finds it appropriate.[11]

2.4 In meeting the expectations in this Chapter, a firm should take account of plausible circumstances that could lead to it needing to execute a solvent exit (see Box A for illustrative examples). To meet this expectation, a firm may draw on and adapt the

10 For example, a smaller firm with a simple business model may produce a shorter SEA than a larger, more complex firm, given that the smaller firm may have a smaller range of solvent exit indicators, a more limited number of solvent exit actions, and simpler governance arrangements.

11 A UK Solvency II firm which is part of a group (solo firm) must consider the implications and risks from group membership when producing its SEA. While groups are not expected to produce SEA, a solo firm can submit a group-wide SEA where more useful, subject to the agreement of its PRA supervisor.

scenarios developed under the stress and scenario testing section of its ORSA, capital management plan, and recovery and resolution planning, if applicable.

**Box A**

A firm may execute a solvent exit for a range of reasons. These could include:

- the firm facing financial issues, such as suffering underwriting losses, deterioration in technical provisions, reinsurance or hedging arrangements not performing as expected, and asset losses;
- the firm facing non-financial issues, such as a major governance failure or loss of critical IT infrastructure with no signs of timely recovery;
- the firm's business model becoming unsustainable, such as facing difficulty in securing capital investment or difficulty in securing reinsurance protections;
- the firm deciding to shift its business strategy or priorities away from effecting and carrying out contracts of insurance and/or reinsurance; and/or
- where part of a group, the firm's parent or other group companies are facing financial or non-financial difficulties.

Regardless of the underlying reasons, a firm should base its preparations for a solvent exit on the prospect that it may need to execute a solvent exit in either:

- stressed circumstances, eg where access to capital, reinsurance, funding or liquidity is difficult (firms should note that solvent exit may not be an effective approach for a fast failure of a firm);[12] or
- non-stressed circumstances, eg where a firm has made a strategic decision to cease insurance business due to insufficient returns, or to better enable it to develop business opportunities in other sectors.

2.5 A firm must update the SEA whenever a material change has taken place that may affect its preparations for a solvent exit, and at least once every 3 years.

12 'Prudentist – speech by Sam Woods', September 2021: www.bankofengland.co.uk/speech/2021/september/sam-woods-speech-at-mansion-house.

## Solvent exit actions

2.6 A firm should set out the main options that it considers appropriate for a solvent exit such as a run-off, sale or partial sale, a merger with another insurer or mutual, a transfer of all or part of its business under Part VII of FSMA, and a solvent scheme of arrangement and/or restructuring plan, or a combination of these.

2.7 A firm's SEA should include the option of how the firm would carry out a run-off of its policyholder liabilities while taking into account all other liabilities, being prudent about its ability to sell any parts of the business or transfer the insurance liabilities to another insurer and the valuations achieved during such sales or transfers.

2.8 For each option, a firm should set out in its SEA the actions that would be needed to cease its PRA-regulated activities while remaining solvent. These will likely comprise several management action options (eg selling businesses or assets, selling renewal rights, securing appropriate reinsurance for run-off liabilities, or other mechanisms of transferring liabilities) to facilitate the firm to complete a solvent exit. A firm should set out the timeline over which the solvent exit actions could be executed, and the extent to which the timing is dependent on key internal and external factors.

## Solvent exit indicators

2.9 A firm should identify and monitor indicators that would inform it about when it may need to initiate a solvent exit and whether the execution of a solvent exit is likely to be successful. The firm should identify, and set out in its SEA, the trigger point at which, should its Part 4A permission to effect contracts of insurance be removed, it would be able to achieve a run-off of its liabilities to its existing policyholders (and while taking into account all other liabilities) in full as they fall due. The calibration of indicators should be forward-looking. This is to provide sufficient warning to the firm when it would need to produce a SEEP to facilitate a solvent exit[13] while it still has the necessary financial and non-financial resources to do so. These indicators should include financial and non-financial metrics in quantitative terms (eg solvency coverage, relative loss of capital, profit and loss, underwriting loss, reserves deterioration, asset losses, relative increase in lapse rate) and/or qualitative terms (eg operational difficulties, staff turnover). These indicators and trigger points could be different depending on a firm's option for a solvent exit.

2.10 A firm should monitor the projected and actual levels, trends and ongoing appropriateness, of these indicators. These indicators, alongside other relevant information, should support clear and timely decision-making regarding a solvent exit.

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13 See Chapter 3 for details.

2.11 To meet the expectations in paragraphs 2.9 and 2.10, a firm may draw on and adapt the analysis conducted under its ORSA, recovery and capital management plan, and recovery and resolution planning, without necessarily creating and monitoring a new set of indicators. It may also use the reference points in the Solvency II 'ladder of intervention'.

## Potential barriers and risks

2.12 A firm should set out in its SEA the potential barriers and risks to the execution of a solvent exit, including those that are market-wide and firm-specific (see Box B for illustrative examples).

**Box B**

Examples of potential barriers and risks to a firm's execution of a solvent exit include:

- outwards reinsurance arrangements on run-off of insurance business; collateralisation requirements on credit rating downgrade; or refinancing needs over timeline of exit;
- over-reliance on cross-border collateralised reinsurance contracts which transfer part or all of the asset and liability risks;
- crystallisation of unfunded liabilities eg long property leases; defined benefit pension schemes; and contingent liabilities;
- complex corporate or mutual structures, or articles of association which complicates the execution of solvent exit actions;
- a loss of access to critical IT infrastructure, or loss of key staff that are needed to complete a solvent exit;[14]
- the existence of untraceable/uncontactable policyholders, gaps in historical records of reinsurance protections, or uncertainties on reinsurance coverages which may delay the completion of a solvent exit;
- the provision of services by the firm that cannot be easily stopped or substituted by another firm. This may include services provided to specific sectors or professions, vulnerable policyholders, or a particular community, whose

14 See also the 'Communications' section in this Chapter.

policyholders may face difficulty in switching to alternative providers, potentially delaying the completion of a solvent exit; and

- a change in market conditions which reduces the sale value of assets that the firm would need to fund a solvent exit.

2.13 A firm should assess how the identified barriers and risks could affect the outcome and effectiveness of the firm's solvent exit actions. The firm should take reasonable steps in BAU to mitigate or remove any material barriers or risks. The firm should identify whether any remaining barriers or risks could result in an unsuccessful solvent exit.

2.14 A firm should set out, in its SEA, the potential dependencies that a decision to execute a solvent exit may rely upon. These may include, but are not limited to, securing requisite advice from external specialists, and any activities (such as producing valuations) that would have to precede such a decision. To meet this expectation, a firm may draw on and adapt the analysis conducted under its ORSA, capital management plan, and recovery and resolution planning, if applicable.

2.15 A firm should set out in its SEA the anticipated impacts of a decision to execute a solvent exit, including how the wider market may react.[15]

## Resources and costs

2.16 A firm should set out in its SEA the financial resources, including capital, reinsurance, funding, and liquidity, needed to execute a solvent exit.

2.17 The firm should take into account that the solvent exit itself is likely to lead to additional costs. In addition to costs to cover possible losses (or 'haircuts') on the sale of assets, liabilities or portfolios below current value, these costs may include fees for specialist services, redundancy and retention payments, contract termination penalties, and pension fund deficits. The firm should also identify the absolute minimum level of financial resources needed, below which there would be no reasonable prospect of successfully executing a solvent exit.

2.18 A firm should set out in its SEA the non-financial resources needed to execute a solvent exit, including the cost of maintaining these resources throughout the execution of a solvent exit. Non-financial resources may include: access to external specialist services or advice; a firm's key staff; operational and outsourcing arrangements; support from other group companies; premises; IT infrastructure and licences; and certain data.

15 See also the 'Communications' section in this Chapter.

2.19 In meeting the expectations in paragraphs 2.16 to 2.18, the firm should set out how it could maintain access to the resources needed throughout the execution of a solvent exit. The firm should also take account of the likely resources needed to mitigate or remove any barriers or risks, including managing any negative impacts of a decision to execute a solvent exit.[16]

## Communications

2.20 A firm should set out in its SEA the internal and external stakeholders that may be impacted by a solvent exit. These may include policyholders, regulators, ratings agencies, reinsurers, customers, creditors, shareholders or (for mutuals) members, staff, outsourced service providers and other market participants. To meet this expectation, a firm may draw on and adapt the internal communication plan developed under its ORSA, capital management plan, and recovery and resolution planning, if applicable.

2.21 A firm should set out in its SEA how and when it would communicate to stakeholders, both before and during the execution of a solvent exit. A firm should assess how different stakeholders may react to the firm's decision to initiate a solvent exit. In particular, a firm should assess how it would manage and mitigate any negative impacts of a stakeholder's reaction to the firm's solvent exit (eg resignation of key staff, demands for full and final settlement from creditors).

## Governance and decision-making

2.22 A firm should set up clear governance arrangements, with a Senior Manager[17] accountable, for:

- the firm's BAU preparations for a solvent exit, including the review and approval of the SEA;
- escalation and decision-making regarding a solvent exit, including whether a SEEP should be produced; and whether, how and when the firm would initiate a solvent exit;[18] and

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16 See also the 'Communications' section in this Chapter.
17 Senior Manager refers to approved persons under the **Senior Management Regime** as defined in the PRA Rulebook.
18 See Chapter 3 for details.

- monitoring the execution of a solvent exit, including whether the firm should take further action to facilitate the completion of a solvent exit, or whether a solvent exit is no longer feasible or appropriate given the firm's circumstances.[19]

2.23 A firm should ensure that it has the capabilities to produce adequate and appropriate information, within a reasonable amount of time following a change of risk profile and at a frequency appropriate to the nature, scale and complexity of the firm, to inform decisions regarding a solvent exit. The firm should be able to refresh relevant data; be able to conduct appropriate analysis; and be able to make realistic projections of the firm's capital, reinsurance, funding, and liquidity for the anticipated timeline over which a solvent exit would be executed.

2.24 If a firm anticipates using external specialists to meet the expectations in paragraph 2.23, the firm should be prepared to procure them within a reasonable amount of time. The firm should also ensure that the external specialists would have access to the data needed.

2.25 A firm should be able to make timely decisions, with necessary approvals,[20] regarding the execution of a solvent exit, including whether a solvent exit should be initiated. The firm should take account of relevant information and solvent exit indicators when it makes decisions.

## Assurance

2.26 A firm should undertake adequate assurance activities for its solvent exit preparations as described in this Chapter. These assurance activities can be performed internally, or externally as the firm considers appropriate.[21] The Senior Manager should ensure that the SEA is approved in accordance with the firm's governance arrangements.[22] The Senior Manager should also confirm that the firm meets the expectations in this SS. The firm should be able to provide to the PRA on request the current version of its SEA.[23]

[19] See paragraph 3.10 of this SS for details.

[20] Examples are approvals from: the home regulator if the firm is a subsidiary of a non-UK group; its parent if the firm is a subsidiary.

[21] Examples of assurance activities include a review by parties such as internal audit or external specialists; and obtaining sufficient challenge from the firm's governance body (including non-executive directors) on the SEA.

[22] See the 'Governance and decision-making' section in this Chapter.

[23] On a case-by-case basis, the PRA may seek its own assurance of a firm's SEA and/or SEEP (see Chapter 3 for details), which may be by use of reports by skilled persons under section 166 of FSMA.

# 3: Producing a solvent exit execution plan and executing a solvent exit

3.1 This Chapter sets out the PRA's expectations that apply when a SEEP is needed, and during a firm's execution of a solvent exit.

3.2 The arrangements described in the 'Governance and decision-making' section in Chapter 2 apply when a firm produces a SEEP and executes a solvent exit.

## Producing a 'solvent exit execution plan' (SEEP)

3.3 The PRA expects a firm to produce a SEEP when there is a reasonable prospect that the firm may need to execute a solvent exit (which could be informed by its solvent exit indicators[24] and other relevant information), or when the firm is requested by the PRA to produce a SEEP.[25] The firm's board of directors, or other appropriate senior governance committee or group, should provide sufficient challenge on the firm's SEEP, and review and approve it. The PRA will set a timescale for the firm to provide its SEEP to the PRA as discussed with the firm.

3.4 The PRA expects a firm to include in its SEEP sufficient detail to inform itself and the PRA of how it will complete the cessation of its PRA-regulated activities. Paragraph 3.14 provides a non-exhaustive list of contents the PRA would expect a firm to set out in its SEEP.

3.5 The PRA expects a firm to ensure that its SEEP is appropriate for its business model, structure, operations, risk strategy, and the circumstances leading to the initiation of a solvent exit. A firm should use its SEA, prepared during BAU,[26] as the starting point for its SEEP. A firm should support any assumptions underpinning its SEEP with appropriate evidence.

3.6 The PRA expects a firm to set out in its SEEP how it will monitor, and respond to, any emerging barriers and risks throughout the execution of a solvent exit. The barriers and risks identified in the SEA[27] should be updated to ensure they remain complete, relevant, and current for the firm's SEEP.

24 See the 'Solvent exit indicators' section in Chapter 2.
25 For example in the exercise of powers under FSMA to impose and vary requirements on firms either by agreement or on the PRA's own initiative.
26 See Chapter 2 for details.
27 See the 'Potential barriers and risks' section in Chapter 2.

3.7 The PRA expects a firm to set out in its SEEP details of the financial and non-financial resources needed to execute a solvent exit. A firm should take account of the costs of mitigating or removing barriers and risks to the solvent exit, including costs to mitigate any negative impacts of its decision to execute a solvent exit.[28] A firm should ensure its assessment of the resources needed throughout the execution of the solvent exit is supported by:

- projections over the period of the solvent exit of future premiums and claims cashflows gross and net of reinsurance, and expenses;
- projections over the period of the solvent exit of the firm's Solvency Capital Requirement and Minimum Capital Requirement;
- appropriate analysis such as: the composition of assets and liabilities by maturity and currency; how currency and reinvestment risk would be managed; how concentration risk to any one sector or obligor, especially for longer maturity assets, would be managed over term; how lapse risk over term would be managed; the identification of any contractual terms or conditions in derivative or reinsurance contracts that may create issues over term; sensitivity analyses of factors that may impact costs and resources needed; and
- realistic exit valuations of assets and liabilities, including appropriate adjustments to their value.[29]

3.8 The PRA expects a firm to set out in its SEEP a clear and detailed communication plan for stakeholders impacted by the solvent exit.[30]

## During the execution of a solvent exit

3.9 The PRA expects a firm to make the PRA aware of its decision to initiate a solvent exit. A firm should keep the PRA,[31] and other stakeholders as appropriate, informed throughout the execution of a solvent exit. A firm should, in a prompt and timely manner, make its PRA supervisor aware if there arise risks to or concerns about the successful completion of a solvent exit.

28 See also the 'Communications' section in Chapter 2.

29 Assumptions underpinning accounting valuations conducted in BAU may no longer apply during the execution of a solvent exit, especially once a solvent exit has been publicly announced. Timing of asset sales may also impact the sale value of assets. This may result in an increase in liabilities or collateral requirements or in asset sales which fail to provide adequate resources to repay liabilities.

30 See the 'Communications' section in Chapter 2.

31 Fundamental Rule 7: 'A firm must deal with its regulators in an open and cooperative way and must disclose to the PRA appropriately anything relating to the firm of which the PRA would reasonably expect notice'.

3.10 The PRA expects a firm to assess on an ongoing basis whether its solvent exit actions are likely to succeed and whether they remain feasible and appropriate.[32] A firm should assess whether it needs to take further actions to facilitate the completion of a solvent exit.

3.11 The PRA expects a firm to monitor on an ongoing basis the projected and actual levels and trends of those solvent exit indicators which remain applicable,[33] and the implementation of the SEEP, to inform the firm's decision-making.

3.12 A firm should consider its Part 4A permission for both effecting and carrying out contracts of insurance, and should ensure that for each the firm submits an application to the PRA to have its Part 4A permission removed, taking account of the timeline of making the application as described on the PRA's web pages on **Cancelling firm permissions** and **Variation of permission**.

3.13 A firm must continue to comply with the PRA's Threshold Conditions for insurers, all applicable PRA rules, including the Fundamental Rules, as set out in the PRA Rulebook,[34] and other regulatory requirements throughout the execution of a solvent exit. A firm should assess proactively and on an ongoing basis whether it may fall short of any legal or regulatory obligations during the execution of a solvent exit and, in line with Fundamental Rule 7, immediately alert the PRA if this might be the case.

3.14 The following is a non-exhaustive list of contents that the PRA would expect a firm to set out in its SEEP:[35]

- Actions and timelines for the solvent exit, from the point of initiation to the removal of the firm's Part 4A permission. This includes actions that the firm will take to identify, and transfer or repay insurance and/or reinsurance liabilities; sell assets; and transfer or repay other liabilities (if applicable).

- Identification and mitigation (or removal) of barriers and risks to the solvent exit. The firm should update the barriers and risks identified in its SEA, prepared during BAU,[36] to reflect the circumstances which lead to the initiation of a solvent exit. The

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32 For example, a solvent exit may no longer be feasible if barriers to a solvent exit cannot be mitigated, or the asset value is lower than expected, which may lead to insolvency procedures being invoked in relation to a firm. A solvent exit may also no longer be appropriate if, for example, changed market conditions make the firm's business model viable again, or if the firm finds a new investor and opts for restructuring instead of ceasing PRA-regulated activities.

33 See the 'Solvent exit indicators' section in Chapter 2.

34 **www.prarulebook.co.uk**.

35 This non-exhaustive list has been drawn up to be consistent with relevant parts of the FCA's WDPG where possible, albeit that is aimed at FCA solo-regulated firms.

36 See Chapter 2 for details.

firm should also include how it will identify, monitor, and respond to emerging barriers and risks throughout the execution of the solvent exit.

- Communication plan for stakeholders impacted by the solvent exit. These include, but are not limited to: policyholders, regulators, ratings agencies, reinsurers, customers, creditors, shareholders or (for mutuals) members, staff, outsourced service providers, and other market participants. This should include anticipated reactions from different stakeholders, how such reactions could affect the solvent exit, and how the firm will respond to stakeholder reactions. Examples of negative reactions could include resignation of key staff, defaults by policyholders, demands for full and final settlement from creditors, withdrawal of services from outsourced service providers, and abrogation of contracts by contractual counterparties.

- Detailed action plan for the execution of the solvent exit, such as:

  - the identification, and transfer and/or repayment, of insurance and reinsurance liabilities;

  - dealing with policyholder complaints;

  - dealing with existing contractual commitments;

  - the sale or transfer of all or part of the business, assets, and liabilities;

  - the vacation of premises and disposal of fixed assets;

  - communication with stakeholders; and

  - any actions and formalities to comply with applicable legal and regulatory requirements, such as directors' duties and shareholders' rights under company law, mutual members' rights under Friendly Societies legislation, data protection law, employment law, insolvency procedures, and relevant FCA rules and guidance including consumer duty.

- Assessment of the financial and non-financial resources needed to complete the execution of the solvent exit and how the firm will monitor and maintain their adequacy and availability throughout the execution of the solvent exit, covering:

  - capital, reinsurance, funding, and liquidity, on an expected and stressed basis, to absorb the full costs of the solvent exit and meet all liabilities to policyholders (and other creditors as applicable), with realistic exit valuations of assets and liabilities and appropriate analysis conducted (such as sensitivity analyses of factors that may impact the resources needed); and

  - non-financial resources, including access to external specialist services or advice; the firm’s key staff; operational and outsourcing arrangements; support from other group companies; premises; IT infrastructure and licenses; and certain data.

- Governance arrangements, including roles and responsibilities in making the formal decision to initiate the solvent exit, as well as in managing and monitoring the execution of the solvent exit.

- Organisational structure, operating model, and internal processes.