

Supervisory Statement | SS16/15

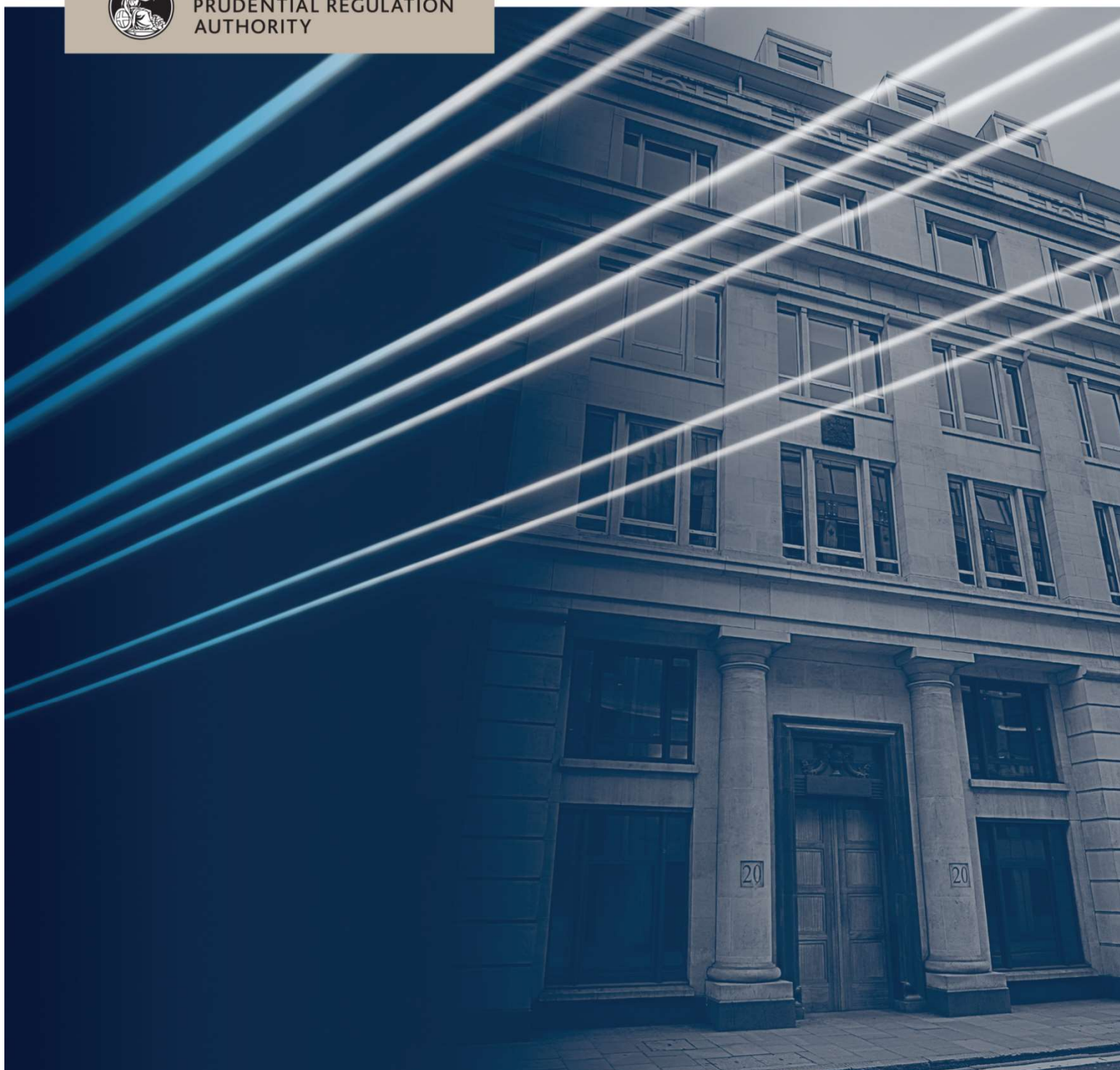
Solvency II: conditions governing business

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 UK Solvency II firms and to Lloyd's. It sets out the types of business that a pure reinsurer can carry on as related to its insurance business. It should be read alongside the Conditions Governing Business Part of the Prudential Regulation Authority (PRA) Rulebook.

1.2 This statement expands on the PRA's general approach as set out in its insurance approach document.¹ By clearly and consistently explaining its expectations of firms in relation to the particular areas addressed, 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 consultation² and reflects the feedback that was received by the PRA.

2 Related operations

2.1 In Conditions Governing Business 9.2, 'related operations' include, for example, activities such as provision of statistical or actuarial advice, risk analysis or research for its clients. It may also include a holding company function and activities with respect to financial sector activities within the meaning of the Financial Conglomerates Part of the PRA Rulebook. But it does not allow the carrying on of, for example, unrelated banking and financial activities.

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/pradocuments/publications/cp/2014/cp1614.pdf

Appendix: SS16/15 updates

SS16/15 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.

In addition, the following changes were made to paragraph 2.1:

- updating the reference to the Financial Conglomerates Directive 2002/87/EC in favour of the Financial Conglomerates Part of the PRA Rulebook;
- removing the redundant reference to the Solvency II Directive; and
- correcting the reference to Conditions Governing Business 10.2.

Additionally, there have been minor corrections to fix broken links in the footnotes.

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