



Supervisory Statement | SS44/15

Solvency II: third-country insurance and pure reinsurance branches

November 2024



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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’.¹ 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 relevant European legislation (as it forms part of retained EU law), the remaining relevant Guidelines on the supervision of branches of third-country insurance undertakings (herein referred to as ‘the Branch Guidelines’)^{1a} (as set out in Appendix 1 of this supervisory statement), the PRA statement of policy (SoP) – 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:

- Bank of England and PRA Statement of Policy ‘Interpretation of EU Guidelines and Recommendations: Bank of England and PRA approach after the UK’s withdrawal from the EU’;³
- Supervisory Statement (SS) 1/19 ‘Non-binding materials: The PRA’s approach after the UK’s withdrawal from the EU’;⁴
- Supervisory Statement (SS) 2/19 ‘PRA approach to interpreting reporting and disclosure requirements and regulatory transactions forms after EU withdrawal’;⁵
- Statement of Policy ‘Solvency II regulatory reporting waivers’;^{5a}
- Supervisory Statement (SS) 40/15 ‘Solvency II: reporting and disclosure’;^{5b} and

¹ March 2015: Supervisory statement 10/15 - [Solvency II: third-country branches | Bank of England](#)

^{1a} Guidelines on supervision of branches of third-country insurance undertakings: [Interpretation of EU Guidelines and Recommendations: Bank of England and PRA approach after the UK’s withdrawal from the EU | Bank of England](#)

² [Deleted].

³ December 2020: Statement of Policy - [Interpretation of EU Guidelines and Recommendations: Bank of England and PRA approach after the UK’s withdrawal from the EU | Bank of England](#)

⁴ December 2020: Supervisory Statement 1/19 – [Non-binding PRA materials: The PRA’s approach after the UK’s withdrawal from the EU | Bank of England](#)

⁵ December 2020: Supervisory Statement 2/19 – [PRA approach to interpreting reporting and disclosure requirements and regulatory transactions forms after the UK’s withdrawal from the EU | Bank of England](#)

^{5a} December 2024: Statement of Policy: [Solvency II regulatory reporting waivers | Bank of England](#)

^{5b} July 2016: Supervisory Statement 40/15 – [Solvency II: reporting and disclosure | Bank of England](#)

- Supervisory statement (SS) 20/16 – Solvency II: Reinsurance – Counterparty credit risk.^{5c}

[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

2.1 The PRA expects third-country branch undertakings to comply with the Branch Guidelines⁶ that are relevant to them.

2.2 The PRA also expects third-country undertakings that have a third-country pure reinsurance branch to comply with the Branch Guidelines that are relevant to them as if the scope extended to them.

2.3 [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 branch assets so as to ensure that only those assets that are available to pay the claims of branch policyholders in the event of a winding up event are included in the calculation of branch assets. Assets will be deemed to be available, where either all of the third-country branch undertaking's assets would be available to pay insurance policyholders in priority to other creditors irrespective of the location of the claim,^{6a} or where those assets are exclusively available to pay the claims of branch insurance policyholders (Branch Guideline 6).

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 an analysis of the applicable winding up regime of the home jurisdiction, analysing the priority given to insurance policyholders of the third-country branch compared to other insurance 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 insurance 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.

^{5c} November 2016: Supervisory Statement 20/16 – [Solvency II: reinsurance counterparty credit risk | Bank of England](#)

⁶ December 2020: [Guidelines on supervision of branches of third-country insurance undertakings | Bank of England](#)

^{6a} 'Location of the claim' means the location of either the beneficiary (including policyholders), the insured risk or the contract signed with the third country insurance undertaking (including whether the business was transacted through the branch or through the head office of the third country insurance undertaking).

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 and 3.4A to the PRA as soon as possible.

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.

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.

6 Reporting

6.1 [Deleted].

6.2 [Deleted].

6.3 [Deleted].

6.4 [Deleted].

6.5 [Deleted].

6.6 [Deleted].

6.7 The branch assets which may be included in the reporting templates depend upon the analysis of how available assets would be distributed in a winding up. This is relevant where the winding up regime applicable to the third-country branch undertaking does not deliver the protection to branch insurance policyholders that Solvency II requires.

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’.⁹ 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 Third-country branches should refer to ‘PRA Statement of Policy: Solvency II regulatory reporting waivers’ which specifies the PRA’s approach to waiving submission of certain Solvency II reporting requirements in the Reporting Part of the PRA Rulebook.¹⁰

6.10 [Deleted].

6A Notifications

6A.1 As set out in Fundamental Rule 7,¹¹ 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 SoP – The Prudential Regulation Authority’s approach to insurance branch authorisation and supervision, the PRA expects third-country branches to have under £500 million 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 in the near future.

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 SoP ‘The Prudential Regulation Authority’s approach to insurance branch authorisation and supervision’;¹² 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 [Deleted].

⁸ [Deleted].

⁹ Supervisory Statement 40/15 - [Solvency II: reporting and public disclosure options provided to supervisory authorities | Bank of England](#)

¹⁰ Statement of Policy – [Solvency II regulatory reporting waivers | Bank of England](#)

¹¹ Rule 2.7 of the Fundamental Rules Part of the PRA Rulebook.

¹² Statement of Policy - [The PRA’s approach to the authorisation and supervision of insurance branches | Bank of England](#)

7 Third-country branches as composites

[This section has been deleted].

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.¹³ 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 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 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 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.

9.5 The PRA expects that as part of its ORSA, the third-country branch undertaking assesses the permanent availability of the branch assets, as set out in paragraph 3.3 of this supervisory

13 Conditions Governing Business 3.8. See also [Supervisory Statement 19/16 Solvency II: ORSA | Bank of England](#)

statement, and addresses in its assessment the risks to the effectiveness of arrangements to ensure that branch assets are paid only to branch insurance creditors and branch preferential creditors.

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).¹⁴ 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.¹⁶

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-designated investment firms and insurers' for guidance on how to comply with the relevant whistleblowing requirements.¹⁷

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

¹⁶ Supervisory Statement 35/15 – [Strengthening individual accountability in insurance](#) | [Bank of England](#)

¹⁷ Supervisory Statement 39/15 - [Whistleblowing in deposit-takers, PRA-designated investment firms and insurers](#) | [Bank of England](#)

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:¹⁸

- PRA Rulebook – Fundamental Rules;
- PRA Rulebook Conditions Governing Business;¹⁹
 - Rules 2.2 to 2.6 – General Governance Requirements;²⁰
 - Chapter 3 – Risk Management;
 - Chapter 7 - Outsourcing;²¹
- Threshold Conditions: Prudent conduct of business, suitability and effective supervision;
- Supervisory Statement 2/21, 'Outsourcing and third party risk management';²² 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.²³

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.

18 In addition to the list above, attention of third-country branches is drawn to Discussion Paper 3/22 [Operational resilience: Critical third parties to the 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 – [Outsourcing and third party risk management | Bank of England](#)

23 Supervisory Statement 35/15 – [Strengthening individual accountability in insurance | Bank of England](#)

Appendix 1 - Remaining relevant Branch Guidelines

(a) These Guidelines are relevant for the PRA to implement. All other Guidelines listed are relevant to firms.

Guideline	Paragraph number
Guideline 2 – Scheme of operations	1.18
Guideline 3 – Distribution of branch assets	1.19 ^(a)
Guideline 4 – Analysis concerning the distribution of branch assets	1.22
	1.23
Guideline 6 – Determination of branch assets	1.25
Guideline 8 – Assessment of the branch financial position	1.29 ^(a)
Guideline 17 – Branch accounting	1.41
	1.42
Guideline 19 – Quality requirements for the security deposit	1.44
	1.45
Guideline 20 – Assessment of the quality of a security deposit	1.46
Guideline 26 – Assessment of available branch assets	1.52a
	1.52d
	1.52e
	1.52f
	1.52g
	1.52h
	1.52i
	1.52j
1.52k	
Guideline 38 – ORSA Supervisory Report	1.66a
	1.66b

Annex – SS44/15 updates

This annex details the changes that have been made to this SS following its initial publication in 2015:

2024

November

This update makes changes to reflect cross-references in the PRA Rulebook as minor amendments from PS3/24 – Review of Solvency II: Reporting and disclosure phase 2 near-final.¹ This update makes changes to cross-references to assimilated law alongside the publication of PS15/24 – Review of Solvency II: Restatement of assimilated law.²

May

This SS has been amended to:

- Add Chapters 9 to 14 on ORSA reporting, system of governance, the SM&CR, whistleblowing, re-domiciliation
- Delete chapters 7 & 8 on third-country branches as composites and application of other supervisory statements to third-country branch undertakings;
- Delete paragraph 6.8 about the whole undertaking's solvency;
- Add paragraphs 4.5 and 4.6;
- Make further minor changes to improve readability and accessibility.

February

Following publication of PS3/24, this SS was updated to include the following:

- [Appendix](#) to reflect the Branch Guidelines that will still be relevant following publication of PS3/24.

The following paragraphs in the SS were amended:

- 1.1, 2.1 and 2.2 to remove references to EIOPA;
- 1.6 to include additional PRA policy materials that third-country branches should also refer to; and
- 3.3 to reflect that third-country branches will no longer calculate own funds, but should instead place importance on calculating branch assets.

Further minor changes were also made to improve readability and accessibility, including moving the text of paragraph 3.2 to paragraph 4.1A.

Following publication of PS2/24, this SS was updated to include the following:

²⁴ Policy Statement 3/24 – [Review of Solvency II: Reporting and disclosure phase 2 near-final | Bank of England](#)

² Policy Statement 15/24 – [Review of Solvency II: Restatement of assimilated law | Bank of England](#)

- Paragraphs 6.7A, 6.8A, 6.8B and 6.8C to reflect the transfer of reporting-related Branch Guidelines into this SS; and
- Appendix 1 to reflect the Branch Guidelines that will still be relevant following publication of PS3/24.

The following paragraphs in the SS were amended:

- 3.4 to set out the expected content of the Resolution Report and to remove reference to the EIOPA Guidelines;
- 6.7 to remove the expectation that branch assets can be reported on a different basis to that set out in paragraph 3.3; and
- 6.9 to reflect updates to SS40/15.

The following paragraphs were deleted:

- 2.3, 3.5, 6.1 and 6.10 as a consequence of the UK's withdrawal from the EU, the specific requirements in these sections are no longer applicable;
- 6.2 as this content is reflected in the PRA's SoP: Solvency II regulatory reporting waivers;
- 6.3 reflecting the removal of the requirement for third-country branches to report capital requirements; and
- 6.4 and Table 1 to reflect that this content has been moved to the Reporting Part of the PRA Rulebook.

2023

February

This SS has been updated to remove a reference to category 5. This category was removed by the PRA as part of its update to categorising the 'potential impact' of firms.

2021

December

Following publication of Policy Statement (PS) 29/21 'Review of Solvency II: Reporting (Phase 1)' on Friday 17 December 2021, this SS was updated to include the following paragraphs:²⁶

- 1.6 and 1.7 relating to the interpretation of the PRA reporting and disclosure requirements after EU withdrawal. Firms should refer to the referenced supervisory statements and statement of policy in light of the changes introduced to this statement; and
- 2.3 and 6.10 relating to the interpretation of specific guidelines set out in the EU Branch Guidelines (as at the end of the transition period) that refers to templates which the PRA subsequently deleted or amended after the end of the transition period.

²⁶ December 2021: Policy Statement 29/21 – [Review of Solvency II: Reporting \(Phase 1\) | Bank of England](#)

The following paragraphs in the SS were amended:

- 6.3 and Table 1 to reflect the proposed deletions and amendments to reporting requirements introduced via the PS; and
- throughout the documents to update referencing as a result of the UK's withdrawal from the EU.

The following paragraphs in the SS were deleted:

- 1.3, 1.4, and 1.5 to reflect that the requirements in relation to consultation have been updated and are not required to be included in the SS; and
- 3.1 as a consequence of the UK's withdrawal from the EU the specific requirements in this section is no longer applicable.

Further minor changes were also made to improve readability and accessibility.