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STATUTORY INSTRUMENTS

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**2015 No. 575**

**The Solvency 2 Regulations 2015**

**PART 3**

Groups

CHAPTER 1

Cases of application and scope

**Risk concentration and intra-group transactions**

10. Where the PRA is the group supervisor [<sup>F1</sup>of a type of group referred to in regulation 9A(a) or (b)], the PRA may decide not to supervise risk concentration or intra-group transactions within the group at a level specified in the first column of Table 1 where all the conditions specified in relation to that level in the second column of Table 1 are satisfied.

**Table 1**

<i>Levels at which supervision need not be exercised</i>	<i>Conditions to be satisfied</i>
The participating undertaking, insurance holding company and mixed financial holding company.	The group contains an insurance undertaking or reinsurance undertaking and either—  (a) the parent undertaking of the [ <sup>F2</sup> insurance undertaking, Gibraltar insurance undertaking, reinsurance undertaking or Gibraltar reinsurance undertaking] is an insurance holding company or a mixed financial holding company which has its head office in [ <sup>F3</sup> the United Kingdom or Gibraltar]; or  (b) the [ <sup>F2</sup> insurance undertaking, Gibraltar insurance undertaking, reinsurance undertaking or Gibraltar reinsurance undertaking] is a participating undertaking in at least one insurance undertaking, reinsurance undertaking, [ <sup>F4</sup> Gibraltar insurance undertaking, Gibraltar reinsurance undertaking,] third-country insurance undertaking or third-country reinsurance undertaking;

	<p>The participating undertaking, insurance holding company or mixed financial holding company referred to above is, or is a related undertaking of, a regulated entity or mixed financial holding company subject to supplementary supervision [<sup>F5</sup>by the FCA, where the FCA is the supplementary supervisor, or the PRA] in accordance with [<sup>F6</sup>the United Kingdom law which implemented] Article 5(2) of the Financial Conglomerates Directive.</p> <p>The PRA has consulted the [<sup>F7</sup>FCA].</p>
<p>The ultimate [<sup>F8</sup>UK solvency 2 parent].</p>	<p>The parent undertaking of an ultimate [<sup>F8</sup>UK solvency 2 parent] is subject to supplementary supervision in accordance with [<sup>F9</sup>the law of the United Kingdom or of Gibraltar which was relied on by the United Kingdom or Gibraltar respectively immediately before IP completion day to implement] Article 5(2) of the Financial Conglomerates Directive.</p>

### Textual Amendments

- F1** Words in reg. 10 substituted (31.12.2020) by *The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019* (S.I. 2019/407), regs. 1(2), **9(3)(a)** (as amended by S.I. 2020/1385, regs. 1(2), **54(2)**)
- F2** Words in reg. 10 Table 1 substituted (31.12.2020) by S.I. 2019/407, **reg. 9(3)(b)(i)(aa)** (as substituted by *The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019* (S.I. 2019/680), regs. 1(3), **10(4)(c)(i)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F3** Words in reg. 10 Table 1 substituted (31.12.2020) by S.I. 2019/407, **reg. 9(3)(b)(i)(bb)** (as substituted by *The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019* (S.I. 2019/680), regs. 1(3), **10(4)(c)(i)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F4** Words in reg. 10 Table 1 inserted (31.12.2020) by S.I. 2019/407, **reg. 9(3)(b)(i)(cc)** (as substituted by *The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019* (S.I. 2019/680), regs. 1(3), **10(4)(c)(i)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F5** Words in reg. 10 Table 1 inserted (31.12.2020) by *The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019* (S.I. 2019/407), regs. 1(2), **9(3)(b)(ii)(aa)** (as amended by S.I. 2020/1385, regs. 1(2), **54(2)**)
- F6** Words in reg. 10 Table 1 inserted (31.12.2020) by *The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019* (S.I. 2019/407), regs. 1(2), **9(3)(b)(ii)(bb)** (as amended by S.I. 2020/1385, regs. 1(2), **54(2)**)
- F7** Word in reg. 10 Table 1 substituted (31.12.2020) by *The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019* (S.I. 2019/407), regs. 1(2), **9(3)(b)(iii)** (as amended by S.I. 2020/1385, regs. 1(2), **54(2)**)
- F8** Words in reg. 10 Table 1 substituted (31.12.2020) by S.I. 2019/407, **reg. 9(3)(c)** (as substituted by *The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019* (S.I. 2019/680), regs. 1(3), **10(4)**)

(c)(ii) (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

**F9** Words in reg. 10 Table 1 inserted (31.12.2020) by S.I. 2019/407, **reg. 9(3)(c)** (as substituted by The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680), regs. 1(3), **10(4)(c)(ii)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(e)(ii)(aa)(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

**Equivalent provisions**

**11.**—(1) This regulation applies where the PRA is the group supervisor of a group which includes a mixed financial holding company.

[<sup>F10</sup>(2) Where the mixed financial holding company is subject to equivalent provisions under the United Kingdom law which implemented the Solvency 2 Directive and the United Kingdom law which implemented the Financial Conglomerates Directive, the PRA may apply only the relevant provisions of the United Kingdom law which implemented the Financial Conglomerates Directive to the mixed financial holding company.]

(3) Before exercising its discretion under paragraph (2), the PRA must consult the [<sup>F11</sup>FCA, where there is a firm in the group that is authorised and regulated by the FCA].

[<sup>F12</sup>(4) Where the mixed financial holding company is subject to equivalent provisions under the United Kingdom law which implemented the following two sets of legislation—

- (a) the Solvency 2 Directive, and
- (b) the capital requirements directive and the capital requirements regulation,

the PRA may apply only the United Kingdom law relating to the most significant sector, as determined in accordance with the United Kingdom law which implemented Article 3(2) of the Financial Conglomerates Directive.]

<sup>F13</sup>(5) .....

**Textual Amendments**

**F10** Reg. 11(2) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(4)(a)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**F11** Words in reg. 11(3) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(4)(b)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**F12** Reg. 11(4) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(4)(c)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**F13** Reg. 11(5) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **20**

**Exclusion of undertaking from group supervision**

<sup>F14</sup>**12.** .....

#### Textual Amendments

- F14** Reg. 12 omitted (31.12.2020) by virtue of S.I. 2019/407, **reg. 9(5)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(d)** (with [reg. 11](#)) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

## CHAPTER 2

### Levels

#### Supervision of parents and subgroups at national level: substantive powers

[<sup>F15</sup>**13.** The PRA may supervise an ultimate UK solvency 2 parent at group level in the United Kingdom where—

- (a) the ultimate UK solvency 2 parent has its head office in Gibraltar; and
- (b) the PRA is not the group supervisor.]

#### Textual Amendments

- F15** Reg. 13 substituted (31.12.2020) by S.I. 2019/407, **reg. 9(5A)** (as inserted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(e)** (with [reg. 11](#)) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

#### Supervision of parents and subgroups at national level: procedure

[<sup>F16</sup>**14.**—(1) The PRA must follow the procedure set out in this regulation when supervising an ultimate UK solvency 2 parent under regulation 13(1).

(2) Before deciding to exercise supervision, the PRA must consult the FSC and the ultimate UK solvency 2 parent.

(3) If the PRA decides to exercise supervision, the PRA must explain its decision to both the FSC and the ultimate UK solvency 2 parent.

(4) The PRA must recognise and apply any permission granted pursuant to the laws of Gibraltar which were relied on immediately before IP completion day to implement Article 231 or 233(5) of the Solvency 2 Directive, as those laws are amended from time to time, to the ultimate UK solvency 2 parent to calculate the group solvency capital requirement for insurance undertakings, reinsurance undertakings, Gibraltarian insurance undertakings and Gibraltarian reinsurance undertakings in the group on the basis of an internal model.]

#### Textual Amendments

- F16** Reg. 14 substituted (31.12.2020) by S.I. 2019/407, **reg. 9(5B)** (as inserted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(e)** (with [reg. 11](#)) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(e)(ii)(bb)**, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

## CHAPTER 3

### Group Solvency

#### Supervision of group solvency and frequency of calculation

[<sup>F17</sup>15.—(1) Subject to paragraph (2), where the PRA is the group supervisor of a type of group referred to in regulation 9A(a) or (b), the PRA must—

- (a) ensure that the calculations referred to in rules 4.1 and 4.2 of the Group Supervision part of the PRA Rulebook are carried out at least annually to ensure that the group has adequate financial resources at the level of the ultimate UK solvency 2 parent,
- (b) conduct supervisory reviews to determine whether the insurance undertakings or reinsurance undertakings in the group are complying with the requirement to ensure that the group has adequate financial resources at the level of the ultimate UK solvency 2 parent, and
- (c) where the group is not headed by an insurance undertaking or reinsurance undertaking, Gibraltarian insurance undertaking or Gibraltarian reinsurance undertaking, consult the undertakings in the group before identifying an undertaking other than an insurance holding company or a mixed financial holding company to supply relevant data for, and the results of, the calculations referred to in paragraph (1)(a).

(2) Subject to paragraph (3), where the PRA is required to rely on supervision exercised by a supervisory authority in a third country which has a prudential group supervision regime which is determined as equivalent in accordance with regulation 35, the PRA may determine that paragraph (1)—

- (a) does not apply, or
  - (b) applies with only such modifications as may be specified in the determination.
- (3) The PRA may not give a determination under paragraph (2) unless it is satisfied that—
- (a) compliance by insurance or reinsurance undertakings in the group with rules or requirements imposed by the PRA pursuant to paragraph (1) would be unduly burdensome; and
  - (b) the determination would not adversely affect the advancement of any of the PRA's objectives.
- (4) The PRA may revoke or vary a determination given under paragraph (2).]

#### Textual Amendments

**F17** Reg. 15 substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(6)** (as amended by [S.I. 2020/1385](#), regs. 1(2), **54(2)** and [S.I. 2019/680](#), regs. 1(3), **10(4)(f)** (with reg. 11))

#### Choice of method

**16.**—(1) Where the PRA is the group supervisor of a group, the PRA must consult the group [<sup>F18</sup>and the FSC, if the FSC is] concerned in the supervision of the group before requiring the group to use method 2, or a combination of method 1 and method 2, for the calculation of solvency at a group level.

(2) Where the PRA is not the group supervisor, the PRA must apply the method chosen by the group supervisor for the ultimate [<sup>F19</sup>UK] solvency 2 parent in relation to—

(a) group supervision at a national level in accordance with regulation 13(1); and

<sup>F20</sup>(b) .....

#### Textual Amendments

- F18** Words in reg. 16(1) substituted (31.12.2020) by S.I. 2019/407, **reg. 9(7)(a)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/680), regs. 1(3), **10(4)(g)** (with [reg. 11](#)) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F19** Words in reg. 16(2) substituted (31.12.2020) by S.I. 2019/407, **reg. 9(7)(b)(i)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/680), regs. 1(3), **10(4)(g)** (with [reg. 11](#)) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F20** Reg. 16(2)(b) omitted (31.12.2020) by virtue of S.I. 2019/407, **reg. 9(7)(b)(ii)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/680), regs. 1(3), **10(4)(g)** (with [reg. 11](#)) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

#### Inclusion of proportional share

17.—(1) In this regulation, “proportional share” means the proportional share held by a participating undertaking in its related undertakings.

(2) The PRA must determine the proportional share which must be taken into account in the calculation of group solvency where—

- (a) the PRA is the group supervisor of a group; and
- (b) any of the following applies—
- (i) there are no capital ties between any of the undertakings in a group;
  - (ii) [<sup>F21</sup>the PRA (or, if paragraph (5) applies, the FSC)] has determined that the direct or indirect holding of voting rights or capital in an undertaking qualifies as a participation because the holding means that a significant influence is effectively exercised over that undertaking;
  - (iii) [<sup>F22</sup>the PRA (or, if paragraph (5) applies, the FSC)] has determined that an undertaking is a parent undertaking because the undertaking effectively exercises a dominant influence over the other undertaking.

(3) Before determining the proportional share, the PRA must consult the undertakings in the group [<sup>F23</sup>and, if paragraph (5) applies, the FSC].

[<sup>F24</sup>(4) The PRA may allow for the solvency deficit of the subsidiary undertaking to be considered on a proportional basis where, in the opinion of the PRA, the responsibility of the parent undertaking owning a share of the capital is strictly limited to that share of the capital.

- (5) This paragraph applies if—
- (a) the FSC is concerned in the supervision of the group; or
  - (b) the group contains a Gibraltarian insurance undertaking or a Gibraltarian reinsurance undertaking.]

### Textual Amendments

- F21** Words in reg. 17(2)(b)(ii) substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(8)(a)** (as amended by [S.I. 2020/1385](#), regs. 1(2), 54(2)); as amended by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(h)(i)** (with reg. 11)
- F22** Words in reg. 17(2)(b)(iii) substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(8)(a)** (as amended by [S.I. 2020/1385](#), regs. 1(2), 54(2)); as amended by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(h)(i)** (with reg. 11)
- F23** Words in reg. 17(3) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(8)(b)** (as amended by [S.I. 2020/1385](#), regs. 1(2), 54(2)); as amended by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(h)(i)** (with reg. 11)
- F24** Reg. 17(4)(5) inserted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(8)(c)** (as amended by [S.I. 2020/1385](#), regs. 1(2), **54(2)** and [S.I. 2019/680](#), regs. 1(3), **10(4)(h)(ii)** (with reg. 11) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**))

### Related undertakings: calculation of group solvency

18.—(1) This regulation applies where—

- (a) the PRA is the group supervisor of a group;
- (b) the group contains at least three insurance undertakings, reinsurance undertakings [<sup>F25</sup>Gibraltarian insurance undertakings, Gibraltarian reinsurance undertakings], insurance holding companies or mixed financial holding companies (“A”, “B” and “C”);
- (c) A and B are related undertakings;
- (d) A and C are related undertakings; and
- (e) either B or C has its head office in [<sup>F26</sup>Gibraltar].

(2) Except where paragraph (3) applies, the PRA must permit the group, in the calculation of group solvency, to take into account national laws which—

- (a) are adopted by [<sup>F27</sup>Gibraltar] to implement the solvency capital requirement and the requirements relating to the own funds eligible to satisfy the solvency capital requirement; and
- (b) apply to B or C (as the case may be).

(3) This paragraph applies where—

- (a) there is a significant change to the national laws referred to in paragraph (2); and
- (b) it is not in the interests of the group's policyholders to take into account the national laws referred to in paragraph (2).

### Textual Amendments

- F25** Words in reg. 18(1)(b) inserted (31.12.2020) by [S.I. 2019/407](#), **reg. 9(9)(a)(i)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(i)** (with [reg. 11](#)) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)



<p><b>F26</b> Words in reg. 18(1)(e) substituted (31.12.2020) by S.I. 2019/407, <b>reg. 9(9)(a)(ii)</b> (as substituted by The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680), regs. 1(3), <b>10(4)(i)</b> (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, <b>Sch. para. 40(f)</b>); 2020 c. 1, <b>Sch. 5 para. 1(1)</b>)</p> <p><b>F27</b> Word in reg. 18(2)(a) substituted (31.12.2020) by S.I. 2019/407, <b>reg. 9(9)(b)</b> (as substituted by The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680), regs. 1(3), <b>10(4)(i)</b> (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, <b>Sch. para. 40(f)</b>); 2020 c. 1, <b>Sch. 5 para. 1(1)</b>)</p>
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**Participating undertakings: calculation of group solvency**

19.—(1) This regulation applies where—

- (a) the PRA is the group supervisor of a group;
- (b) the group contains an insurance undertaking [<sup>F28</sup>, reinsurance undertaking, Gibraltarian insurance undertaking or Gibraltarian reinsurance undertaking][<sup>F29</sup>for which the calculation of the group solvency includes] a third-country insurance undertaking or third-country reinsurance undertaking; and
- (c) the third country in which the third-country insurance undertaking or third country reinsurance undertaking has its head office makes it subject to authorisation and imposes on it a solvency regime at least equivalent to that specified in [<sup>F30</sup>the United Kingdom law which implemented] Chapter 6 of Title 1 of the Solvency 2 Directive.

(2) The PRA must permit the group to take into account national laws adopted by the third country in respect of the group's solvency capital requirement and the own funds eligible to satisfy the solvency capital requirement in the calculation of the group's solvency unless—

- (a) there has been a significant change to those national laws; and
- (b) it is not in the interests of the group's policyholders to do so.

[<sup>F31</sup>(2A) Where the Treasury have made regulations under Article 379A of the Solvency 2 Regulation, or the Commission have adopted a delegated act under Article 227 of the Solvency 2 Directive prior to IP completion day, determining that the supervisory regime of a third country is provisionally equivalent, that third country is deemed to be equivalent for the purposes of paragraph (2).]

[<sup>F32</sup>(3) Where no regulations have been made by the Treasury pursuant to Article 379A of the Solvency 2 Regulation, and the Commission has not adopted a delegated act under Article 227 of the Solvency 2 directive prior to IP completion day, the PRA—

- (a) may on its own initiative, or
- (b) must on the request of the insurance or reinsurance undertaking or Gibraltarian insurance or reinsurance undertaking for which the calculation of the group solvency includes a third-country insurance undertaking or third-country reinsurance undertaking,

verify whether a solvency regime in the third country is at least equivalent to the United Kingdom law which implemented Chapter 6 of Title 1, of the Solvency 2 Directive.]

(4) The PRA must—

- <sup>F33</sup>(a) .....
- (b) take the decision in accordance with the criteria set out in [<sup>F34</sup>Article 379 of the Solvency 2 Regulation]; and
- (c) ensure that its decision does not contradict any previous decision on the equivalence of the third country, except where it is necessary to take into account significant changes to the



supervisory regime laid down in [<sup>F35</sup>the United Kingdom law which implemented] Chapter 6 of Title 1 to the Solvency 2 Directive or to the solvency regime of the third country.

[<sup>F36</sup>(5) The PRA must publish and keep up to date on its website a list of all third countries referred to in paragraph (3).]

#### Textual Amendments

- F28** Word in reg. 19(1)(b) substituted (31.12.2020) by S.I. 2019/407, **reg. 9(10)(a)(i)** (as substituted by The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680), regs. 1(3), **10(4)(j)(i)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F29** Word in reg. 19(1)(b) substituted (31.12.2020) by S.I. 2019/407, **reg. 9(10)(a)(ii)** (as substituted by The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680), regs. 1(3), **10(4)(j)(i)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F30** Words in reg. 19(1)(c) inserted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(b)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F31** Reg. 19(2A) inserted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(c)** (as amended by S.I. 2020/1385, regs. 1(2), **54(2)** and S.I. 2020/1301, regs. 1, 3, **Sch. para. 27(c)(i)**)
- F32** Reg. 19(3) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(d)** (as amended by S.I. 2020/1385, regs. 1(2), **54(2)**; S.I. 2020/1301, regs. 1, 3, **Sch. para. 27(c)(ii)** and S.I. 2019/680, regs. 1(3), **10(4)(j)(ii)** (with reg. 11))
- F33** Reg. 19(4)(a) omitted (31.12.2020) by virtue of The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(e)(i)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F34** Words in reg. 19(4)(b) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(e)(ii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F35** Words in reg. 19(4)(c) inserted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(e)(iii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F36** Reg. 19(5) inserted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **9(10)(f)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

#### [<sup>F37</sup>Gibraltar undertakings: calculation of group solvency

**19A.—**(1) This regulation applies where—

- (a) the PRA is the group supervisor of a group;
- (b) the group contains—
  - (i) a Gibraltarian insurance undertaking,
  - (ii) a Gibraltarian reinsurance undertaking, or
  - (iii) an insurance undertaking or a reinsurance undertaking for which the calculation of the group solvency includes an undertaking in paragraph (i) or (ii).

(2) The PRA must permit the group to take into account laws adopted by Gibraltar in respect of the group's solvency capital requirement and the own funds eligible to satisfy the solvency capital requirement in the calculation of the group's solvency.]

#### Textual Amendments

**F37** Reg. 19A inserted by S.I. 2019/407, **reg. 9(10A)** (as inserted) by **The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019** (S.I. 2019/680), regs. 1(3), **10(4)(k)** (with reg. 11) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)

#### Internal models and capital add-ons

**20.**—(1) Where group solvency is determined in accordance with method 1, the PRA must pay particular attention to <sup>F38</sup>... where—

- (a) a specific risk existing at group level would not be sufficiently covered by the standard formula or the internal model used because it is difficult to quantify; or
- (b) a capital add-on to the solvency capital requirement of the related insurance undertaking or reinsurance undertakings is imposed by the [<sup>F39</sup>PRA or, where there is a Gibraltarian insurance undertaking or a Gibraltarian reinsurance undertaking, the FSC]<sup>F40</sup>....

(2) Where group solvency is determined in accordance with method 2, the PRA must, when it determines whether the aggregated group solvency capital requirement appropriately reflects the risk profile of the group, pay particular attention to any specific risks existing at group level which would not be sufficiently covered because they are difficult to quantify.

(3) Where <sup>F41</sup>... the PRA considers that the risk profile of an insurance undertaking or reinsurance undertaking belonging to a group deviates significantly from the assumptions underlying the internal model approved at group level, the PRA may—

- (a) impose a capital add-on to the solvency capital requirement of the insurance undertaking or reinsurance undertaking;
- (b) in exceptional circumstances where a capital add-on would not be appropriate, require the insurance undertaking or reinsurance undertaking to calculate its solvency capital requirement on the basis of the standard formula; or
- (c) where the PRA has exercised its discretion under sub-paragraph (b) to require an insurance undertaking or reinsurance undertaking to calculate its solvency capital requirement on the basis of the standard formula, impose a capital add-on to the solvency capital requirement.

(4) Where the PRA—

- (a) imposes a capital add-on on an insurance undertaking or reinsurance undertaking; or
- (b) requires the insurance undertaking or reinsurance undertaking concerned to calculate its solvency capital requirement on the basis of the standard formula,

the PRA must explain its decision to the relevant insurance undertaking or reinsurance undertaking <sup>F42</sup>....

(5) [<sup>F43</sup>Where the FSC is the group supervisor], the PRA must adopt and apply the following decisions by the group supervisor on the basis of an internal model—

- (a) the calculation of the group solvency capital requirement;
- (b) the calculation of the solvency capital requirement of an insurance undertaking and reinsurance undertaking in the group;
- (c) the calculation of the aggregated group solvency capital requirement.

(6) Where the PRA has imposed a capital add-on, it must review the capital add-on at least once a year.

**Textual Amendments**

- F38** Words in [reg. 20\(1\)](#) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), [regs. 1\(2\)](#), [9\(11\)\(a\)\(i\)](#) (as amended by S.I. 2020/1385, [regs. 1\(2\)](#), [54\(2\)](#))
- F39** Words in [reg. 20\(1\)\(b\)](#) substituted (31.12.2020) by S.I. 2019/407, [reg. 9\(11\)\(a\)\(ii\)\(aa\)](#) (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), [regs. 1\(3\)](#), [10\(4\)\(l\)\(i\)](#) (with [reg. 11](#)) (as amended by S.I. 2020/1301, [regs. 1, 3](#), [Sch. para. 40\(f\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#))
- F40** Words in [reg. 20\(1\)\(b\)](#) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), [regs. 1\(2\)](#), [9\(11\)\(a\)\(ii\)\(bb\)](#) (as amended by S.I. 2020/1385, [regs. 1\(2\)](#), [54\(2\)](#))
- F41** Words in [reg. 20\(3\)](#) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), [regs. 1\(2\)](#), [9\(11\)\(b\)](#) (as amended by S.I. 2020/1385, [regs. 1\(2\)](#), [54\(2\)](#))
- F42** Words in [reg. 20\(4\)](#) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), [regs. 1\(2\)](#), [9\(11\)\(c\)](#) (as amended by S.I. 2020/1385, [regs. 1\(2\)](#), [54\(2\)](#))
- F43** Words in [reg. 20\(5\)](#) substituted (31.12.2020) by S.I. 2019/407, [reg. 9\(11\)\(d\)](#) (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), [regs. 1\(3\)](#), [10\(4\)\(l\)\(ii\)](#) (with [reg. 11](#)) (as amended by S.I. 2020/1301, [regs. 1, 3](#), [Sch. para. 40\(f\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#))

**Subsidiaries: solvency capital requirement**

<sup>F44</sup>**21.** . . . . .

**Textual Amendments**

- F44** [Reg. 21](#) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), [regs. 1\(2\)](#), [9\(12\)](#) (as amended by S.I. 2020/1385, [regs. 1\(2\)](#), [54\(2\)](#))

**Subsidiaries: non-compliance with the solvency and minimum capital requirements**

<sup>F45</sup>**22.** . . . . .

**Textual Amendments**

- F45** [Reg. 22](#) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), [regs. 1\(2\)](#), [9\(12\)](#) (as amended by S.I. 2020/1385, [regs. 1\(2\)](#), [54\(2\)](#))

**Subsidiaries: revocation of approval for applying Articles 238 and 239 of the Solvency 2 Directive**

<sup>F46</sup>**23.** . . . . .

### Textual Amendments

**F46** Reg. 23 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(12)** (as amended by [S.I. 2020/1385](#), regs. 1(2), 54(2))

## CHAPTER 4

### Risk concentration and intra-group transactions

#### Supervision of risk concentration and intra-group transactions

**24.**—(1) [<sup>F47</sup>Subject to paragraph (4), where] the PRA is the group supervisor [<sup>F48</sup>of a type of group referred to in regulation 9A(a) or (b)], the PRA must—

- (a) identify the type of risks and intra-group transactions which insurance undertakings and reinsurance undertakings in the group must report to the PRA in all circumstances, taking into account the specific group and risk management structure of the group;
- (b) impose appropriate thresholds based on solvency capital requirements, or technical provisions, in order to identify which significant risk concentrations and significant intra-group transactions should be reported;
- (c) identify the insurance undertaking or reinsurance undertaking in the group responsible for submitting the information required under rules implementing Articles 244 and 245 of the Solvency 2 Directive where the group is not headed by an insurance undertaking or a reinsurance undertaking;
- (d) review the risk concentrations of the group and intra-group transactions at group level, and in particular monitor the possible risk of contagion within the group, the risk of a conflict of interests and the level or volume of risks.

[<sup>F49</sup>(1A) For the purposes of paragraph (1), references to insurance undertakings and reinsurance undertakings include a reference to Gibraltar insurance undertakings and Gibraltar reinsurance undertakings.]

(2) The PRA must consult the group [<sup>F50</sup>and, where the FSC is concerned in the supervision of the group, the FSC] whilst carrying out the activities referred to in sub-paragraphs (a) to (c) of paragraph 24.

(3) Where the [<sup>F51</sup>FSC is ] the group supervisor and the [<sup>F52</sup>the FSC consults the PRA] in relation to the supervision of risk concentration at group level or the reporting of intra-group transactions, the PRA must take into account the specific group and risk management structure of the group when giving its opinion about the type of risks to be reported.

[<sup>F53</sup>(4) Where the PRA is required to rely on supervision exercised by a supervisory authority in a third country which has a prudential group supervision regime determined as equivalent in accordance with regulation 35, the PRA may determine that paragraph (1)—

- (a) does not apply; or
  - (b) applies with only such modifications as may be specified in the determination.
- (5) The PRA may not give a determination under paragraph (4) unless it is satisfied that—
- (a) compliance by insurance or reinsurance undertakings in the group with rules or requirements imposed by the PRA pursuant to paragraph (1) would be unduly burdensome; and
  - (b) the determination would not adversely affect the advancement of any of the PRA's objectives.

(6) The PRA may revoke or vary a determination given under paragraph (4).]

#### Textual Amendments

- F47** Words in [reg. 24\(1\)](#) substituted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(2)(a)**
- F48** Words in [reg. 24\(1\)](#) substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(13)(a)** (as amended by [S.I. 2020/1385](#), regs. 1(2), [54\(2\)](#))
- F49** [Reg. 24\(1A\)](#) inserted by [S.I. 2019/407](#), **reg. 9(13)(aa)** (as inserted) by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(m)(i)** (with [reg. 11](#)) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F50** Words in [reg. 24\(2\)](#) substituted (31.12.2020) by [S.I. 2019/407](#), **reg. 9(13)(b)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(m)(ii)** (with [reg. 11](#)) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F51** Words in [reg. 24\(3\)](#) substituted (31.12.2020) by [S.I. 2019/407](#), **reg. 9(13)(c)(i)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(m)(iii)** (with [reg. 11](#)) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F52** Words in [reg. 24\(3\)](#) substituted (31.12.2020) by [S.I. 2019/407](#), **reg. 9(13)(c)(ii)** (as substituted by [The Gibraltar \(Miscellaneous Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/680\)](#), regs. 1(3), **10(4)(m)(iii)** (with [reg. 11](#)) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**)
- F53** [Reg. 24\(4\)-\(6\)](#) inserted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(2)(b)**

#### Modifications etc. (not altering text)

- C1** [Reg. 24\(1\)\(2\)](#) restricted (27.11.2020) by [S.I. 2019/407](#), **reg. 13(2)** (as inserted by [The Securities Financing Transactions, Securitisation and Miscellaneous Amendments \(EU Exit\) Regulations 2020 \(S.I. 2020/1385\)](#), regs. 1(2), **54(5)**)

## CHAPTER 5

### Risk management and internal control

#### Supervision of system of governance

<sup>F54</sup>**25.**—(1) Subject to paragraph (2), where the PRA is the group supervisor of a type of group referred to in regulation 9A(a) or (b) the PRA must—

- (a) review the systems and reporting procedures implemented by the group in accordance with rules implementing paragraphs 1 and 2 of Article 246 of the Solvency 2 Directive;
- (b) review the own-risk and solvency assessment conducted at group level by the group in accordance with rules implementing paragraph 4 of Article 246 of the Solvency 2 Directive.

(2) Where the PRA is required to rely on supervision exercised by a supervisory authority in a third country which has a prudential group supervision regime determined as equivalent in accordance with regulation 35, the PRA may determine that paragraph (1)—

- (a) does not apply; or
  - (b) applies with only such modifications as may be specified in the determination.
- (3) The PRA may not give a determination under paragraph (2) unless it is satisfied that—

- (a) compliance by insurance or reinsurance undertakings in the group with rules or requirements imposed by the PRA pursuant to paragraph (1) would be unduly burdensome; and
  - (b) the determination would not adversely affect the advancement of any of the PRA's objectives.
- (4) The PRA may revoke or vary a determination given under paragraph (2).]

#### Textual Amendments

**F54** Reg. 25 substituted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(3)**

#### Modifications etc. (not altering text)

**C2** Reg. 25 restricted (27.11.2020) by [S.I. 2019/407](#), **reg. 13(2)** (as inserted by [The Securities Financing Transactions, Securitisation and Miscellaneous Amendments \(EU Exit\) Regulations 2020 \(S.I. 2020/1385\)](#), regs. 1(2), **54(5)**)

## CHAPTER 6

### Measures to facilitate group supervision

#### Rule for deciding the group supervisor

<sup>F55</sup>**26.**—(1) [<sup>F56</sup>Subject to paragraphs (2) and (3)], where an insurance undertaking or reinsurance undertaking that is authorised by the PRA under Part 4A of FSMA is part of a group, the PRA is the group supervisor and must supervise that group.

(2) The FSC is the group supervisor and must supervise that group where the group includes a Gibraltarian insurance undertaking or a Gibraltarian reinsurance undertaking and—

- (a) the FSC was designated as the group supervisor under Article 247 of the Solvency 2 Directive before IP completion day; or
- (b) the PRA and the FSC have agreed that the FSC is to be the group supervisor.]

<sup>F57</sup>(3) Nothing in this regulation requires the PRA to conduct group supervision in respect of requirements which do not apply, as may be determined by the PRA under regulation 15, 24, 25 or 28.]

#### Textual Amendments

**F55** Reg. 26 substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(15)** (as amended by [S.I. 2020/1385](#), regs. 1(2), **54(2)** and [S.I. 2019/680](#), **regs. 1(3)**), 10(4)(n) (with reg. 11) (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(f)**); 2020 c. 1, **Sch. 5 para. 1(1)**;

**F56** Words in reg. 26(1) substituted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(4)(a)**

**F57** Reg. 26(3) inserted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(4)(b)**

#### Exceptions to the rule for deciding the group supervisor

<sup>F58</sup>**27.** . . . . .

**Textual Amendments**

**F58** Reg. 27 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(16)** (as amended by [S.I. 2020/1385](#), regs. 1(2), 54(2))

**Duties of group supervisor** <sup>F59</sup> ...

**28.**—(1) [<sup>F60</sup>Subject to paragraph (3), paragraph (2) applies] where the PRA is the group supervisor [<sup>F61</sup>of a type of group referred to in regulation 9A(a) or (b)] , <sup>F62</sup>....

(2) The PRA must—

- <sup>F63</sup>(a) .....
- (b) conduct supervisory reviews and assessments of the financial situation of the group;
- (c) assess the group's compliance with the rules on solvency, risk concentration and intra-group transactions <sup>F64</sup> ...;
- (d) assess the group's system of governance in accordance with regulation 25;
- (e) assess whether the members of the administrative, management or supervisory body of the participating undertakings in the group [<sup>F65</sup>are fit and proper to carry out their functions];
- <sup>F66</sup>(f) .....
- (g) [<sup>F67</sup>determine applications for] an internal model at group level as set out in regulation 49;
- <sup>F68</sup>(h) .....
- (i) carry out the other tasks, measures and decisions assigned to the group supervisor by the [<sup>F69</sup>United Kingdom law which implemented the] Solvency 2 Directive.

[<sup>F70</sup>(3) Where the PRA is required to rely on supervision exercised by a supervisory authority in a third country which has a prudential group supervision regime determined as equivalent in accordance with regulation 35, the PRA may determine that paragraph (2)—

- (a) does not apply; or
  - (b) applies with only such modifications as may be specified in the determination.
- (4) The PRA may not give a determination under paragraph (3) unless it is satisfied that —
- (a) compliance by insurance or reinsurance undertakings in the group with rules or requirements imposed by the PRA pursuant to paragraph (2) would be unduly burdensome; and
  - (b) the determination would not adversely affect the advancement of any of the PRA's objectives.
- (5) The PRA may revoke or vary a determination given under paragraph (3).]

- <sup>F71</sup>(3) .....
- <sup>F71</sup>(4) .....
- <sup>F71</sup>(5) .....
- <sup>F71</sup>(6) .....
- <sup>F71</sup>(7) .....
- <sup>F71</sup>(8) .....



### Textual Amendments

- F59** Words in reg. 28 title omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(a)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F60** Words in reg. 28(1) substituted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(5)(a)**
- F61** Words in reg. 28(1) substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(b)(ii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F62** Words in reg. 28(1) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(b)(iii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F63** Reg. 28(2)(a) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(i)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F64** Words in reg. 28(2)(c) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(ii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F65** Words in reg. 28(2)(e) substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(iii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F66** Reg. 28(2)(f) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(iv)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F67** Words in reg. 28(2)(g) substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(v)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F68** Reg. 28(2)(h) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(vi)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F69** Words in reg. 28(2)(i) inserted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(c)(vii)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))
- F70** Reg. 28(3)-(5) inserted (24.1.2022) by [The Solvency 2 \(Group Supervision\) \(Amendment\) Regulations 2021 \(S.I. 2021/1408\)](#), regs. 1, **2(5)(b)**
- F71** Reg. 28(3)-(8) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(17)(d)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

### Modifications etc. (not altering text)

- C3** Reg. 28(2) restricted (27.11.2020) by S.I. 2019/407, **reg. 13(2)** (as inserted by [The Securities Financing Transactions, Securitisation and Miscellaneous Amendments \(EU Exit\) Regulations 2020 \(S.I. 2020/1385\)](#), regs. 1(2), **54(5)**)

## Cooperation and exchange of information between supervisory authorities

**F72**<sup>29</sup>. . . . .

**Textual Amendments**

**F72** Reg. 29 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(18)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**Consultation between supervisory authorities**

<sup>F73</sup>**30.** .....

**Textual Amendments**

**F73** Reg. 30 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(18)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**Access to information**

<sup>F74</sup>**31.** .....

**Textual Amendments**

**F74** Reg. 31 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(18)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**Verification of information**

<sup>F75</sup>**32.** .....

**Textual Amendments**

**F75** Reg. 32 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(18)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**Group solvency and financial condition report**

<sup>F76</sup>**33.** .....

**Textual Amendments**

**F76** Reg. 33 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(18)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2))

**Enforcement measures**

<sup>F77</sup>**34.** .....

### Textual Amendments

**F77** Reg. 34 omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(18)** (as amended by [S.I. 2020/1385](#), regs. 1(2), 54(2))

## CHAPTER 7

### Third countries

#### Non-EEA solvency 2 parent undertakings: equivalence

**[<sup>F78</sup>35.**—(1) The PRA must rely on the equivalent group supervision exercised by third country supervisory authorities, where the condition in paragraph (2) is met, or the alternative condition in paragraph (3) is met.

(2) The condition is that—

(a) either of the following determinations have been made—

(i) the Treasury have made regulations under regulation 380A(1) of the Solvency 2 Regulation, or the Commission has adopted a delegated act under Article 260(3) of the Solvency 2 Directive prior to IP completion day, determining that the prudential regime of the third country is equivalent, or

(ii) the Treasury have made regulations under regulation 380A(4) of the Solvency 2 Regulation, or the Commission has adopted a delegated act under Article 260(5) of the Solvency 2 Directive prior to IP completion day, determining that the prudential regime of the third country is temporarily equivalent,

(b) that determination still applies,

(c) there is no insurance undertaking or reinsurance undertaking situated in the United Kingdom with a balance sheet total that exceeds the balance sheet total of the parent undertaking situated in the third country, and

(d) the PRA has verified that the that the group is subject to supervision by a third-country supervisory authority in accordance with that equivalent or temporarily equivalent regime.

(3) The alternative condition is that the PRA has verified that the group is subject to supervision by a third country supervisory authority which is equivalent in accordance with paragraph (4).

(4) Where the conditions referred to in paragraph (2) do not apply, the PRA—

(a) must take a decision on equivalence at the request of the parent undertaking or the insurance undertaking or reinsurance undertaking; or

(b) may take a decision on equivalence on its own initiative,

in accordance with paragraph (5).

(5) Where the PRA takes a decision on equivalence, the PRA must—

(a) verify equivalence at the level of the ultimate non-UK solvency 2 parent,

(b) ensure that its decision on equivalence does not contradict any previous decision taken in relation to the third country, except where it is necessary to do so in order to take into account significant changes to the supervisory regime laid down in Part 3 of these Regulations and the PRA Rulebook on Group Supervision or to the supervisory regime in the third country, and

(c) take its decision on equivalence in accordance with the criteria set out in Regulation 380 of the Solvency 2 Regulation.

(6) Paragraph (7) applies where the PRA is required to rely on supervision exercised by a supervisory authority in a third country which, in accordance with paragraph (2) or (3), has a prudential group supervision regime which is determined as equivalent to Part 3 of these Regulations and the PRA Rulebook on Group Supervision (but see paragraph (8)).

(7) The PRA must consult the other members of the college of supervisors before taking a decision which is of importance to the supervisory tasks of another supervisory authority with regard to—

- (a) changes in the shareholder, organisational or management structure of insurance undertakings or reinsurance undertakings in the group, which require the approval or authorisation of the other supervisory authority,
- (b) a decision on the extension of the recovery period under rule 3.1(3) of the Undertakings in Difficulty part, and rule 4.4 of the Group Supervision part, of the PRA Rulebook, or
- (c) the imposition of a capital add-on, a limitation on the use of an internal model for calculating the solvency capital requirement, or any other major sanctions or exceptional measures taken by the other supervisory authority.

(8) Paragraph (7) does not apply—

- (a) in cases of urgency, or
- (b) where consultation may jeopardise the effectiveness of a decision of the PRA,

provided the PRA informs the other supervisory authorities concerned without delay.

(9) The PRA must also consult a supervisory authority before taking a decision based on information received from that supervisory authority.]

#### **Textual Amendments**

**F78** Reg. 35 substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(19)** (as amended by [S.I. 2020/1385](#), regs. 1(2), **54(2)** and [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 27(c)(iii)**)

#### **Parent undertaking outside the United Kingdom: absence of equivalence**

[<sup>F79</sup>**36.**—(1) This regulation applies where—

- (a) a parent undertaking of an insurance undertaking or reinsurance undertaking established in the United Kingdom has its head office in a third country,
- (b) one of the conditions in paragraph (2) is satisfied, and
- (c) one of the conditions in paragraph (3) is satisfied.

(2) The conditions are—

- (a) the prudential group supervision regime of the third country has not been determined to be equivalent by the Treasury or the PRA, and the Commission has not adopted a delegated act under Article 260(3) of the Solvency 2 Directive prior to IP completion day, determining that the prudential regime of the third country is equivalent to Title 3 of the Solvency 2 Directive;
- (b) the prudential group supervision regime has been determined to be equivalent by the Treasury, the PRA or the Commission, but the PRA has not verified that the group is subject to supervision by a third-country supervisory authority in accordance with that equivalent regime.

(3) The conditions are—

- (a) the prudential group supervision regime of the third country has not been determined to be temporarily equivalent;
  - (b) if the prudential group supervision regime of the third country has been determined to be temporarily equivalent, the group is not subject to that regime or the group contains an insurance undertaking or reinsurance undertaking in the United Kingdom with a balance sheet total that exceeds the balance sheet total of the parent undertaking situated in the third country.
- (4) The PRA must, at the level of the ultimate non-UK solvency 2 parent—
- (a) ensure appropriate supervision of the insurance undertakings and reinsurance undertakings that are authorised by the PRA in the group, and
  - (b) ensure the objectives of group supervision are achieved.
- (5) The PRA may require the group to establish an insurance holding company or mixed financial holding company with its head office in the United Kingdom.]

#### Textual Amendments

**F79** Reg. 36 substituted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(21)** (as amended by [S.I. 2020/1385](#), regs. 1(2), **54(2)** and [S.I. 2020/1301](#), regs. 1, 3, [Sch. para. 27\(c\)\(iv\)](#))

#### [<sup>F80</sup>Parent undertakings outside the United Kingdom: levels

**36A.**—(1) Where the parent undertaking of an insurance undertaking or reinsurance undertaking with its head office outside the United Kingdom is itself a subsidiary of—

- (a) an insurance holding company or a mixed financial holding company which has its head office in a third country, or
- (b) a third-country insurance or reinsurance undertaking,

regulation 35 only applies at the level of the ultimate parent undertaking which is a third-country insurance holding company, a third-country mixed financial holding company, a third-country insurance undertaking or a third- country reinsurance undertaking.

(2) The PRA may, in the absence of equivalent supervision referred to in regulation 35, carry out a new verification of equivalence at a lower level where a parent undertaking of insurance or reinsurance undertakings exists, whether at the level of a third-country insurance holding company, a third country mixed financial holding company, a third-country insurance undertaking or a third-country reinsurance undertaking.

(3) Where paragraph (2) applies, regulation 35 applies with any necessary changes at that lower level.

(4) Where paragraph (2) applies, the PRA must explain its decision to the group to which the insurance undertaking or reinsurance undertaking belongs.]

#### Textual Amendments

**F80** [Reg. 36A](#) inserted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **9(22)** (as amended by [S.I. 2020/1385](#), regs. 1(2), **54(2)**)

## CHAPTER 8

### Mixed-activity insurance holding companies

#### **Intra-group transactions**

**37.**—(1) This regulation applies where—

- (a) the parent undertaking of one or more insurance undertakings or reinsurance undertakings in the group is a mixed-activity insurance holding company; and
- (b) the PRA supervises one or more of the insurance undertakings or reinsurance undertakings in the group.

(2) The PRA must exercise general supervision over transactions between—

- (a) the mixed-activity holding company and its related undertakings; and
- (b) the insurance undertakings or reinsurance undertakings supervised by the PRA.

[<sup>F81</sup>(3) The requirements in regulation 24 apply to the transactions specified in paragraph (2).]

#### **Textual Amendments**

**F81** Reg. 37(3) inserted (31.12.2020) by *The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407)*, regs. 1(2), **9(23)** (as amended by *S.I. 2020/1385*, regs. 1(2), 54(2))

**Changes to legislation:**

There are currently no known outstanding effects for the The Solvency 2 Regulations 2015, PART 3.