

PRA RULEBOOK: SOLVENCY II FIRMS AND NON-SOLVENCY II FIRMS: PREPARATIONS FOR SOLVENT EXIT INSTRUMENT 2024

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); and
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

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- C. The PRA makes the rules in the Annex to this instrument.

Commencement

- D. This instrument comes into force on 30 June 2026.

Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms and Non-Solvency II Firms: Preparations for Solvent Exit Instrument 2024.

By order of the Prudential Regulation Committee
25 September 2024

Annex

Preparations for Solvent Exit Part

In this Annex, the text is all new and is not underlined.

Part

PREPARATIONS FOR SOLVENT EXIT

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. PREPARATIONS FOR SOLVENT EXIT**

1 APPLICATION AND DEFINITIONS

1.1 Subject to 1.2, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) a *non-directive insurer*; and
- (3) in accordance with Insurance General Application 3, the *Society*.

1.2 *Passive run-off firms* are excluded from 1.1.

1.3 In this Part, the following definitions shall apply:

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.

solvent exit

means the process through which a *firm* ceases its *insurance business* while remaining solvent.

solvent exit analysis

means a document setting out a *firm's* preparations for *solvent exit*.

2 PREPARATIONS FOR SOLVENT EXIT

2.1 A *firm* must:

- (1) prepare for *solvent exit* so that, if the need arises, it can effect a *solvent exit* in an orderly manner;
- (2) produce a *solvent exit analysis* and update it whenever a material change has taken place that may affect its preparations for a *solvent exit*, and at least once every three years;
- (3) where it is a *UK Solvency II firm* which is part of a *group*, take into account in its *solvent exit analysis* the implications of, and any risk arising from, being part of the *group*; and
- (4) be able to provide to the *PRA* on request the current version of its *solvent exit analysis*.