

2023 No.

FINANCIAL SERVICES AND MARKETS

The Insurance and Reinsurance Undertakings (Prudential Requirements) Regulations 2023

<i>Made</i> - - - -	***
<i>Laid before Parliament</i>	***
<i>Coming into force</i> - -	***

The Treasury have consulted the Financial Conduct Authority and Prudential Regulation Authority in accordance with section 3(6) of the Financial Services and Markets Act 2023.

The Treasury make the following Regulations in exercise of the powers conferred by sections 3 and 76(2) of the Financial Services and Markets Act 2023.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Insurance and Reinsurance Undertakings (Prudential Requirements) Regulations 2023 and come into force on [•] 2023.

(2) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Amendment of Commission Delegated Regulation (EU) 2015/35

2.—(1) Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance is amended as follows.

(2) In Article 37 (calculation of the risk margin), in paragraph 1—

(a) for the formula substitute—

$$RM = CoC * \sum_{t \geq 0} \frac{SCR_t * \max(\lambda^t, \lambda_{floor})}{(1 + r_{t+1})^{t+1}}$$

(b) after subparagraph (d) insert—

“(e) “ λ ” denotes the risk tapering factor, and equals—

- (i) 0.9 for life insurance and reinsurance obligations, and
- (ii) 1.0 for non-life insurance and reinsurance obligations;

(f) “ λ^t ” denotes the risk tapering factor to the power of t years;

(g) “ λ_{floor} ” denotes the floor of the risk tapering factor, and equals 0.25.”.

(3) In Article 39 (cost-of-capital rate), for “6%” substitute “4%”.

Amendment of the Solvency 2 Regulations 2015

3. In regulation 54 of the Solvency 2 Regulations 2015 (transitional measures on technical provisions), in paragraph (9) omit sub-paragraph (b) (but not “or” at the end of that sub-paragraph).

Date *name*
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Two of the Lords Commissioners of His Majesty’s Treasury

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