

PRA RULEBOOK: GLOSSARY AND INSURANCE CONSEQUENTIALS INSTRUMENT 2016

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.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: Glossary and Insurance Consequentials Instrument 2016

- D. The PRA makes the rules in the Annexes to this instrument.

Commencement

- E. This instrument comes into force on 1 July 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Glossary and Insurance Consequentials Instrument 2016

By order of the Board of the Prudential Regulation Authority
27 June 2016

Annex A

Amendments to the Glossary

In this Annex, new text is underlined and deleted text is struck through.

actuarial investigation

means an investigation to which Insurance Company – Reporting 5.8 – 5.12 applies
~~IPRU(INS) rule 9.4 of the PRA Handbook as at 31 December 2015 applies pursuant~~
~~to Non-Solvency II Firms – Transitional Measures 3.~~

Annex B

Amendments to the Friendly Society – Asset Valuation Part

In this Annex, new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 ...

1.3 ...

established surplus

means an excess of assets representing the whole or a particular part of the fund or funds maintained by the *firm* in respect of its *long-term insurance business* over the liabilities, or a particular part of the liabilities, of the *firm* attributable to that business as shown by an investigation to which Friendly Society – Reporting 2 applies. ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Rulebook as at 31 December 2015 applies pursuant to Non-Solvency II Firms – Transitional Measures 3.~~

...

Annex C

Amendments to the Friendly Society – Liability Valuation Part

In this Annex, new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 ...

1.2 ...

established surplus

means an excess of assets representing the whole or a particular part of the fund or funds maintained by the *firm* in respect of its *long-term insurance business* over the liabilities, or a particular part of the liabilities, of the *firm* attributable to that business as shown by an investigation to which Friendly Society – Reporting 2 applies. ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Rulebook as at 31 December 2015 applies pursuant to Non-Solvency II Firms – Transitional Measures 3.~~

...

11 RATES OF INTEREST

11.1 ...

11.3 For the purpose of calculating the yield on an asset:

- (1) the asset must be valued in accordance with the Friendly Society – Asset Valuation Part of the *PRA Rulebook*, excluding any provision under which assets may be taken at lower book values for the purposes of an investigation to which Friendly Society – Reporting 2 applies ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Handbook applies pursuant to Non-Solvency II Firms – Transitional Measures 3~~; and

...

11.18 (1) ...

- (2) In calculating the weighted average referred to in (1):

- (a) the weight given to each investment must be its value as an asset determined in accordance with the Friendly Society – Asset Valuation, except where assets may be taken at lower book values for the purposes of any investigation to which Friendly Society – Reporting 2 applies ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Handbook as at 31 December 2015 applies pursuant to Non-Solvency II Firms – Transitional Measures 3~~; and

...

Annex D

Amendments to the Insurance Company – Technical Provisions Part

In this Annex, new text is underlined and deleted text is struck through.

5 LOCALISATION

5.1 This chapter does not apply:

(1) ...

(4) in respect of *general insurance business class* groups 3 (Marine and transport ~~Transport~~) and 4 (Aviation) of Insurance Company – Reporting 12.7. Part II of Annex 41.2 to IPRU(INS) of the PRA Handbook as at 31 December 2015

Annex E

Amendments to the Non-Solvency II Firms – Actuarial Requirements Part

In this Annex, new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

- 1.1 ...
- 1.2 Chapters 2 to 6 only apply to a *long-term insurer* which is not a *non-directive friendly society*, other than:
- (1) ~~a *registered friendly society*; and~~
- (2) ~~an *incorporated friendly society* that is a *flat rate benefits business friendly society*.~~
- 1.3 Chapter 7 only applies to a *non-directive friendly society* other than:
- (1) a *partnership pension society*; and
- (2) a *flat rate benefits business friendly society*.
- (1) ~~a *registered friendly society*; and~~
- (2) ~~an *incorporated friendly society* that is a *flat rate benefits business friendly society*.~~
- ...

5 THE ACTUARIAL FUNCTION

- 5.1 An *actuary* appointed to perform the *actuarial function* must, in respect of those classes of the *firm's long-term insurance business* which are covered by his appointment:
- (1) ...
- (3) advise the *firm's governing body* on the methods and assumptions to be used for the investigations required by ~~IPRU(INS) rule 9.4 or IPRU(FSOC) rule 5.1, each of the PRA Handbook as at 31 December 2015~~ Insurance Company – Reporting 5.8 and 5.9;
- (4) ...

7 APPROPRIATE ACTUARY

- 7.1 A *firm* must:
- (1) appoint an *appropriate actuary* to carry out the triennial investigation and prepare the return an abstract of the report as required by *Friendly Society – Reporting 2.1 and 2.2* IPRU(FSOC) rule 5.2(2) of the *PRA Handbook* as at 31 December 2015 and provide the ~~interim~~ certificate or statement as required by *Friendly Society – Reporting 2.3* IPRU(FSOC) rule 5.2(3) of the *PRA Handbook* as at 31 December 2015; and
- ...

8 DUTIES OF ACTUARIES

8.1 ...

8.4 An *appropriate actuary* must carry out the triennial investigation and prepare the return ~~an abstract of the report~~ as required by Friendly Society – Reporting 2.1 and 2.2 ~~IPRU(FSOC) rule 5.2(2) of the PRA Handbook as at 31 December 2015~~ and provide the interim certificate or statement as required by Friendly Society – Reporting 2.3 ~~IPRU(FSOC) rule 5.2(3) of the PRA Handbook as at 31 December 2015~~.

Annex F

Amendments to the Non-Solvency II Firms – Transitional Measures Part

In this Annex, new text is underlined and deleted text is struck through.

3 REPORTING

3.1 A *firm* must comply with the rules in:

(1) IPRU(FSOC) Chapter 5; and

(2) IPRU(INS) Chapters 9 and 12

of the *PRA Handbook* as at 31 December 2015 as they were applicable to the *firm* (including any *waiver*) at that date, in respect of *financial years* ending on or before ~~31 December 2015~~
30 June 2016.

Annex G

Amendments to the Regulatory Reporting Part

In this Annex, new text is underlined and deleted text is struck through.

8 REGULATED ACTIVITY GROUP 2.1

8.1 ...

8.2 The financial reporting requirements for RAG 2.1 activities for a *non-directive insurer* ~~is~~ are set out in ~~Transitional Measures 3.1 in the Non-Solvency II Firms Sector~~ the Insurance Company – Reporting Part of the PRA Rulebook.

8.3 The financial reporting requirements for RAG 2.1 activities for a *non-directive friendly society* are set out in the Friendly Society – Reporting Part of the PRA Rulebook.