

**PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TECHNICAL RULES (NO. 2) 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 59 (approval for particular arrangements);
- (2) section 60 (applications for approvals);
- (3) section 61 (determination of applications);
- (4) section 137G (the PRA’s general rules);
- (5) section 137T (general supplementary powers); and

in the exercise of powers and related provisions in Articles 2, 5, 6, 13, 17, 19 and 20 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492) as amended by the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).

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), and Articles 5, 13 and 22 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015, 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: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016**

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

**Commencement**

- E. Annex A comes into force on 7 March 2016.
- F. Annex B comes into force on 7 March 2016.
- G. Annex C comes into force on 15 February 2016.

**Citation**

H. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.

**Annex A**

This Annex contains amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

# **LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS**

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## **1 APPLICATION AND DEFINITIONS**

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1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

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## Annex B

This Annex amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – KEY FUNCTION HOLDER – NOTIFICATIONS

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### 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to: ~~a~~

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

1.2 In this Part, the following definitions shall apply:

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notified non-executive director

means a non-executive director of a firm who is not an approved person in relation to that firm.

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transitional notified non-executive director

means, in relation to a firm, a person who is approved to perform controlled function CF2 or CF5 on 6 March 2016 and who will be a notified non-executive director at that firm on the commencement date.

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### 2 KEY FUNCTION HOLDER NOTIFICATION

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2.1 This Chapter does not apply in relation to a:

(1) ~~transitional key function holders~~, in relation to key functions held as at ~~7 March 2016~~ the commencement date;

(2) ~~grandfathering key function holders~~, in relation to key functions held as at ~~7 March 2016~~ the commencement date; or

(3) ~~new SIMF applicants;~~ or

(4) transitional notified non-executive director.

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## 5 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

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- 5.1 This Chapter applies only in relation to a:
- (1) *transitional key function holders*, in relation to *key functions* held as at ~~7 March 2016~~the commencement date;
  - (2) *grandfathering key function holders*, in relation to *key functions* held as at ~~7 March 2016~~the commencement date; and
  - (3) *new SIMF applicants*; and
  - (4) *transitional notified non-executive director*, in relation to his or her position as a notified non-executive director as at the commencement date.
- 5.2 A *firm* must provide the information required by Large Non-Solvency II Firms – Fitness and Propriety 4.1 for each *transitional key function holder*, *grandfathering key function holder*, ~~and new SIMF applicant~~ and transitional notified non-executive director in accordance with 5.3 to 5.56.
- ...
- 5.5 In respect of a transitional notified non-executive director, the requirement in 5.2 will be satisfied where the *firm* records the *transitional notified non-executive director* in the *firm's governance map* on or before the *commencement date*.
- 5.6 In respect of a transitional key function holder who is not a grandfathering key function holder, ~~or a new SIMF applicant~~, or a transitional notified non-executive director, the PRA directs that a *firm* must provide the information referred to in 5.2 to the PRA by sending the *key function holder notification form* to the PRA in accordance with 3.3 by 7 September 2016.

## Annex C

This Annex amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME –TRANSITIONAL PROVISIONS

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### 1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that, on the *effective date*, has a *Part 4A permission* for *effecting contracts of insurance* or *carrying out contracts of insurance* and which will with effect from 1 January 2016 be:

(1) a large non-directive insurer; or

(2) a Swiss general insurer.

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### 6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

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Column 1	Column 2	Column 3
<b>Large Non-Directive Insurers</b>		
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF9)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits

Column 1	Column 2	Column 3
	Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	
Director of unincorporated association (CF5)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	FCA Director of unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)
Small friendly society (CF6)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration	FCA Small friendly society function (CF6) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)

Column 1	Column 2	Column 3
	Committee function (SIMF12) Senior Independent Director function (SIMF14)	
Actuary (CF12)	Chief Actuary function (SIMF20)	
With-Profits Actuary (CF12A)	With-Profits Actuary function (SIMF21)	
Systems and Controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only) Chief Underwriting Officer function (SIMF22)	
<b><u>Swiss General Insurers</u></b>		
<b><u>PRA or FCA Controlled Function</u></b>	<b><u>PRA Senior Insurance Management Function</u></b>	<b><u>FCA Function</u></b>
<u>Director (CF1)</u>	<u>Chief Finance function (SIMF2)</u> <u>Chief Risk function (SIMF4)</u> <u>Head of Internal Audit function (SIMF5)</u> <u>Group Entity Senior Insurance Manager function (SIMF7)</u> <u>Head of Third Country Branch function (SIMF19)</u> <u>Chief Actuary function (SIMF20)</u> <u>Chief Underwriting Officer function (SIMF22)</u>	<u>FCA Director function (CF1)</u> <u>(see Note)</u>

Column 1	Column 2	Column 3
<u>Non-executive director (CF2)</u>	<u>Group Entity Senior Insurance Manager function (SIMF7)</u> <u>Chairman function (SIMF 9)</u> <u>Senior Independent Director function (SIMF 14)</u> <u>Chair of the Risk Committee function (SIMF 10)</u> <u>Chair of the Audit Committee function (SIMF 11)</u> <u>Chair of the Remuneration Committee function (SIMF 12)</u>	
<u>Chief executive (CF3)</u>	<u>Head of Third Country Branch function (SIMF19)</u>	
<u>Systems and controls (CF28)</u>	<u>Chief Finance function (SIMF2)</u> <u>Chief Risk function (SIMF4)</u> <u>Head of Internal Audit function (SIMF5)</u>	<u>FCA Systems and Controls (CF28)</u> <u>(see Note)</u>
<u>FCA Significant management (CF 29)</u>	<u>Chief Underwriting Officer function (SIMF22)</u> <u>Group Entity Senior Insurance Manager (SIMF7)</u>	

Note: See SUP TP 7.2.3 R in the *FCA Handbook*.

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