
EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations implement in part Directive [2009/138/EC](#) of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (OJ L335, 17.12.2009, p.1) (the “Solvency 2 Directive”). The remainder of the Solvency 2 Directive is implemented by the Financial Services and Markets Act 2000 (c. 8) (“FSMA”), rules and individually binding requirement imposed by the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”) under FSMA and a directly applicable regulation made by the European Commission.

The Solvency 2 Directive establishes the prudential regime for insurers and reinsurers operating in the European Union. These Regulations and FSMA establish the regulatory system and the rules and binding requirements imposed by the PRA and FCA directly regulate insurers and reinsurers. As a result, these Regulations are intended to be read with FSMA, the rules and individual requirements imposed by the PRA and FCA and the directly applicable regulation made by the European Commission. A detailed breakdown of how each provision of the Solvency 2 Directive is transposed into UK law is set out in the transposition note referred to below.

Part 1 makes provision for citation, commencement and interpretation. The definitions set out in sections 417 (definitions) and 424 (insurance) of, and Part 1 of Schedule 3 to, FSMA apply for the purposes of these Regulations. Subject to that, expressions used in these Regulations bear the same meaning as they do in the Solvency 2 Directive.

Part 2 makes provision for the manner in which the PRA must carry out supervision of insurance undertakings and reinsurance undertakings.

Part 3 and Schedule 3 make provision for the regulation of groups of insurance undertakings or reinsurance undertakings, which frequently involves cooperation and coordination with regulators outside the United Kingdom. The provisions are arranged in the same order as the provisions they implement in Title 3 of the Solvency 2 Directive (supervision of insurance and reinsurance undertakings in a group) and the headings of the chapters are the same as the corresponding sections and chapters in Title 3. However, introductory provision about group supervision can be found in chapter 6 (measures to facilitate group supervision), in particular at regulations 26 to 28. Part 4 and Schedules 4 and 5 confer powers on the PRA to grant insurers and reinsurers approval for particular matters, such as the application of a matching adjustment or a volatility adjustment to a risk-free interest rate term structure. Chapter 1 makes provision for the application procedure, Chapter 2 sets out all the specific approvals, Chapter 3 makes provision for decision making and appeals and Chapter 4 imposes a duty on the PRA to modify its rules on the grant of certain approvals.

Part 5 and Schedules 1 and 2 contain amendments to primary and secondary legislation (including FSMA).

A transposition note setting out how the Solvency 2 Directive is transposed into UK law is available from <http://www.legislation.gov.uk> and from Her Majesty's Treasury, 1 Horse Guards Road, London SW1A 2HQ.

A full impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from Her Majesty's Treasury, 1 Horse Guards Road, London SW1A 2HQ and is annexed to the Explanatory Memorandum which is available alongside the instrument at <http://www.legislation.gov.uk>.

Changes to legislation:

The Solvency 2 Regulations 2015 is up to date with all changes known to be in force on or before 28 September 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

View outstanding changes

Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)
- reg. 10 words omitted by [S.I. 2019/407 reg. 9\(3\)\(c\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(3)(c) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(c)(ii))
- reg. 10 words substituted by [S.I. 2019/407 reg. 9\(3\)\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(3)(b)(i) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(c)(i))
- reg. 12 omitted by [S.I. 2019/407 reg. 9\(5\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(5) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(d))
- reg. 13 omitted by [S.I. 2019/407 reg. 9\(5\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(5) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(d))
- reg. 14 omitted by [S.I. 2019/407 reg. 9\(5\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(5) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(d))
- reg. 15(1) excluded (temp.) by S.I. 2019/407, reg. 13 (as inserted) by [S.I. 2019/710 reg. 41](#) (This amendment not applied to legislation.gov.uk. Reg. 41 omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 64(5))
- reg. 16(1) words omitted by [S.I. 2019/407 reg. 9\(7\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(7) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(g))
- reg. 16(2) omitted by [S.I. 2019/407 reg. 9\(7\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(7) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(g))
- reg. 18 omitted by [S.I. 2019/407 reg. 9\(9\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(9) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(i))
- reg. 19(1)(b) words substituted by [S.I. 2019/407 reg. 9\(10\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(10)(a) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(j)(i))
- reg. 20(1)(b) word substituted by [S.I. 2019/407 reg. 9\(11\)\(a\)\(ii\)\(aa\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(11)(a)(ii)(aa) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(l)(i))
- reg. 20(5) omitted by [S.I. 2019/407 reg. 9\(11\)\(d\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(11)(d) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(l)(ii))
- reg. 24(1)(2) excluded (temp.) by S.I. 2019/407, reg. 13 (as inserted) by [S.I. 2019/710 reg. 41](#) (This amendment not applied to legislation.gov.uk. Reg. 41 omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 64(5))
- reg. 24(2) words omitted by [S.I. 2019/407 reg. 9\(13\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(13)(b) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(m)(ii))
- reg. 24(3) omitted by [S.I. 2019/407 reg. 9\(13\)\(c\)](#) (This amendment not applied to legislation.gov.uk. Reg. 9(13)(c) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(4)(m)(iii))
- reg. 25 excluded (temp.) by S.I. 2019/407, reg. 13 (as inserted) by [S.I. 2019/710 reg. 41](#) (This amendment not applied to legislation.gov.uk. Reg. 41 omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 64(5))

- reg. 28(2) excluded (temp.) by S.I. 2019/407, reg. 13 (as inserted) by [S.I. 2019/710 reg. 41](#) (This amendment not applied to legislation.gov.uk. Reg. 41 omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 64(5))
- reg. 36(4) excluded (temp.) by S.I. 2019/407, reg. 13 (as inserted) by [S.I. 2019/710 reg. 41](#) (This amendment not applied to legislation.gov.uk. Reg. 41 omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 64(5))
- reg. 38(1) words omitted by [S.I. 2019/407 reg. 10\(2\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 10(2)(b) substituted immediately before IP completion day by S.I. 2019/680, reg. 10(5))