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## STATUTORY INSTRUMENTS

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# 2015 No. 575

## The Solvency 2 Regulations 2015

### PART 1

#### Citation, commencement and interpretation

##### Citation and commencement

- 1.—(1) These Regulations may be cited as the Solvency 2 Regulations 2015.
- (2) Except where paragraph (3) applies, these Regulations come into force on 1st January 2016.
- (3) Regulations 1, 2, 38 to 58 and paragraph 15 of Schedule 1 come into force on 31st March 2015.
- (4) Before 1st January 2016, references to “the Solvency 2 Directive” in any amendment of FSMA that comes into force in accordance with paragraph (3) are to be read as if the amendments made by paragraphs 16(b) and 17(3) of Schedule 1 were already in force.

##### Interpretation

- 2.—<sup>[F1]</sup>(1) In these Regulations—

“capital add-on” means the amount by which the solvency capital requirement of an insurance undertaking or reinsurance undertaking, or a group, is increased by the PRA;

“college of supervisors” means a permanent but flexible structure for the co-operation, co-ordination and facilitation of decision making concerning the supervision of a group;

“common management relationship” means a relationship between two or more undertakings which satisfies the following conditions—

- (a) the undertakings are not connected in the manner described in section 1162 of, and Schedule 7 to, the Companies Act 2006, and
- (b) either—
  - (i) the undertakings are managed on a unified basis pursuant to a contract with one of them, or provisions in the undertakings' respective memoranda or articles of association, or
  - (ii) the administrative, management or supervisory bodies of those undertakings consist, for the major part, of the same persons in office during the financial year in respect of which it is being decided whether such a relationship exists;

“financial conglomerate” has the meaning given in regulation 1(2) of the Financial Conglomerates and Other Financial Groups Regulations 2004, as amended by the Financial Conglomerates and Other Financial Groups (Amendments etc.) (EU Exit) Regulations 2019;

“Financial Conglomerates Directive” means Directive [2002/87/EC](#) of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings, and investment firms in a financial conglomerate, as it had effect immediately before IP completion day;

“FSC” means the Financial Services Commission of Gibraltar;

“FSMA” means the Financial Services and Markets Act 2000;

“Gibraltar insurance undertaking” means an undertaking which—

- (a) has its head office in Gibraltar;
- (b) is authorised by the FSC to carry on one or more classes of insurance business within the meaning of section 2(1) of the Financial Services (Insurance Companies) Act of Gibraltar; and
- (c) would require authorisation in accordance with Article 14 of the Solvency 2 Directive if the United Kingdom were a member State;

“Gibraltar reinsurance undertaking” means an undertaking which—

- (a) has its head office in Gibraltar;
- (b) is authorised by the FSC to carry on insurance business limited to reinsurance within the meaning of section 2(1A) of the Financial Services (Insurance Companies) Act of Gibraltar; and
- (c) would require authorisation in accordance with Article 14 of the Solvency 2 Directive if the United Kingdom were a member State;

“insurance holding company” means a parent undertaking which is not a mixed financial holding company and the main business of which is to acquire and hold participations in subsidiary undertakings, where those subsidiary undertakings are exclusively or mainly insurance or reinsurance undertakings, or Gibraltar insurance or reinsurance undertakings, or third-country insurance or reinsurance undertakings, at least one of such subsidiary undertakings being an insurance or reinsurance undertaking or a Gibraltar insurance or reinsurance undertaking;

“method 1” and “method 2” have the meaning given in rule 1.2 of the Group Supervision part of the PRA Rulebook;

“mixed-activity insurance holding company” means a parent undertaking other than an insurance undertaking, a third-country insurance undertaking, a reinsurance undertaking or Gibraltar insurance or reinsurance undertaking, a third-country reinsurance undertaking, an insurance holding company or a mixed financial holding company, which includes at least one insurance or reinsurance undertaking among its subsidiary undertakings or a Gibraltar insurance or reinsurance undertaking;

“mixed financial holding company” means a parent undertaking other than a regulated entity, which, together with its subsidiaries, at least one of which is a regulated entity which has its head office in the United Kingdom or in Gibraltar, constitutes a financial conglomerate;

“non-UK solvency 2 parent” means a parent undertaking which is—

- (a) a third-country insurance undertaking, or
- (b) an insurance holding company or mixed financial holding company with its head office outside the United Kingdom and Gibraltar;

“parent undertaking” means—

- (a) a parent undertaking, within the meaning of section 420 of FSMA, or
- (b) an undertaking which, in the opinion of the PRA, effectively exercises a dominant influence over another undertaking;

“participating undertaking” means —

- (a) an undertaking which is either a parent undertaking or other undertaking which holds a participation, or an undertaking linked with another undertaking by a common management relationship, or

- (b) an undertaking which holds, directly or indirectly, voting rights or capital in another undertaking over which, in the opinion of the PRA, it effectively exercises a significant influence;

“regulated entity” has the meaning given in regulation 1(2) of the Financial Conglomerates and Other Financial Groups Regulations 2004 (as amended by the Financial Conglomerates and Other Financial Groups (Amendments etc.) (EU Exit) Regulations 2019), read as if the reference in paragraph (b) of that definition to insurance undertakings and reinsurance undertakings included a reference to Gibraltar insurance undertakings and Gibraltar reinsurance undertakings;

“related undertaking” means either a subsidiary undertaking or other undertaking in which a participation is held, or an undertaking linked with another undertaking by a common management relationship;

“Solvency 2 Directive” means 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), as it has effect immediately before IP completion day;

“Solvency 2 Regulation” means 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 (Solvency II);

“subsidiary undertaking” means—

- (a) a subsidiary undertaking, within the meaning of section 420 of FSMA, or
- (b) an undertaking over which, in the opinion of the PRA, a parent undertaking effectively exercises a dominant influence;

“supervisory authority” means the national authority, or the national authorities, empowered to supervise third-country insurance undertakings or third-country reinsurance undertakings;

“third country” means a country other than the United Kingdom or Gibraltar;

“third-country insurance undertaking” means an undertaking which would require authorisation as an insurance undertaking in accordance with the United Kingdom law which implemented Article 14 of the Solvency 2 Directive, if its head office were situated in the United Kingdom but does not include a Gibraltar insurance undertaking;

“third-country reinsurance undertaking” means an undertaking which if its head office were situated in the United Kingdom—

- (a) would require permission under Part 4A of FSMA to carry out regulated activities relating to reinsurance, and
  - (b) immediately before IP completion day, would have required authorisation as a reinsurance undertaking in accordance with Article 14 of the Solvency 2 Directive
- but does not include a Gibraltar reinsurance undertaking;

“UK solvency 2 parent” means a parent undertaking with its head office in the United Kingdom or Gibraltar which is—

- (a) an insurance undertaking or reinsurance undertaking which is a participating undertaking in at least one insurance undertaking, reinsurance undertaking or third-country insurance undertaking,
- (b) an insurance holding company, or
- (c) a mixed financial holding company;

“ultimate non-UK solvency 2 parent” means a non-United Kingdom solvency 2 parent which has no parent undertaking which is a United Kingdom solvency 2 parent or non-United Kingdom solvency 2 parent;

“ultimate UK solvency 2 parent” means a United Kingdom solvency 2 parent which has no parent undertaking which is a United Kingdom solvency 2 parent.]

[<sup>F2</sup>(1A) In these Regulations, reference to a “group” is to a group of undertakings that—

- (a) does not include any undertaking not included in the scope of group supervision in accordance with a direction issued by the PRA under section 138A of FSMA; and
- (b) either—
  - (i) consists of a participating undertaking, its subsidiaries and the entities in which the participating undertaking or its subsidiaries hold a participation, as well as undertakings linked to each other by a common management relationship, or
  - (ii) is based on the establishment, contractually or otherwise, of strong and sustainable financial relationships among those undertakings, and that may include mutual or mutual-type associations, provided that—
    - (aa) one of those undertakings effectively exercises, through centralised coordination, a dominant influence over the decisions, including financial decisions, of the other undertakings that are part of the group, and
    - (bb) the establishment and dissolution of such relationships are subject to prior approval by the PRA.

(1B) For the purposes of paragraph (1A), the undertaking exercising the centralised coordination must be considered as the parent undertaking, and the other undertakings must be considered as subsidiaries.]

(2) Except as provided by paragraph (1) or regulation 38(2)—

- (a) any expression used in these Regulations which is defined in section 417 (definitions) or 424 (insurance) of, or Part 1 of Schedule 3 to, FSMA has the meaning given by that section or Part <sup>F3</sup>;
- (b) any other expression used in these Regulations which is used in the Solvency 2 Directive has the meaning which it is given in that Directive <sup>F4</sup>.

[<sup>F5</sup>(3) In these Regulations, a reference to the PRA Rulebook is to the rulebook published by the PRA containing rules made by the PRA under FSMA as the rulebook has effect on IP completion day.

(4) In these Regulations, a reference to the United Kingdom law which implemented—

- (a) the Financial Conglomerates Directive, or a provision thereof, is to the law of the United Kingdom which was relied on by the United Kingdom immediately before IP completion day to implement Directive [2002/87/EC](#) and its implementing measures;
- (b) the capital requirements directive and the capital requirements regulation, or a provision thereof, is to the law of the United Kingdom which was relied on by the United Kingdom immediately before IP completion day to—
  - (i) implement Directive 2013/36/EU and its implementing measures, and
  - (ii) enable an EU obligation (within the meaning of Part 2 of Schedule 1 to the European Communities Act 1972, as that Act has effect immediately before IP completion day) under Regulation (EU) No 575/2013 to be implemented;
- (c) the Solvency 2 Directive, or a provision thereof, is to the law of the United Kingdom which was relied on by the United Kingdom immediately before IP completion day to implement Directive 2009/138/EU and its implementing measures.

(5) For the purposes of paragraph (4), a reference to the law of the United Kingdom is to the law—

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**Changes to legislation:** The Solvency 2 Regulations 2015, PART 1 is up to date with all changes known to be in force on or before 18 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. (See end of Document for details) [View outstanding changes](#)

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- (a) as it has effect on IP completion day, in the case of rules made by the Financial Conduct Authority or by the PRA under FSMA, and
- (b) as amended from time to time, in all other cases.]

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| <b>F1</b> | Reg. 2(1) substituted (31.12.2020) by <a href="#">The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407)</a> , regs. 1(2), <b>7(2)</b> (as amended by S.I. 2020/1385, regs. 1(2), <b>54(2)</b> , <a href="#">The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019 (S.I. 2019/680)</a> , regs. 1(3), <b>10(2)</b> and <a href="#">The Financial Services and Economic and Monetary Policy (Consequential Amendments) (EU Exit) Regulations 2020 (S.I. 2020/1301)</a> , regs. 1, 3, <b>Sch. para. 27(b)(i)</b> ) |
| <b>F2</b> | Reg. 2(1A)(1B) inserted (31.12.2020) by <a href="#">The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407)</a> , regs. 1(2), <b>7(3)</b> (as amended by S.I. 2020/1385, regs. 1(2), 54(2))  |
| <b>F3</b> | “FCA”, “insurance undertaking”, “PRA”, “reinsurance undertaking”, “rule” and “Tribunal” are defined in section 417 and “EEA State” is defined in Part 1 of Schedule 3.   |
| <b>F4</b> | “Branch”, “parent undertaking”, “reinsurance” and “supervisory authority” are defined in Article 13.   |
| <b>F5</b> | Reg. 2(3)-(5) inserted (31.12.2020) by <a href="#">The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407)</a> , regs. 1(2), <b>7(4)</b> (as amended by S.I. 2020/1385, regs. 1(2), <b>54(2)</b> and <a href="#">The Financial Services and Economic and Monetary Policy (Consequential Amendments) (EU Exit) Regulations 2020 (S.I. 2020/1301)</a> , regs. 1, 3, <b>Sch. para. 27(b)(ii)</b> )  |

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**Changes and effects yet to be applied to :**

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)