

## STATUTORY INSTRUMENTS

### 2015 No. 575

## The Solvency 2 Regulations 2015

### PART 2

#### Supervision

#### [<sup>F1</sup>Non-compliance with solvency capital requirement and exceptional adverse situations

**4A.**—(1) The PRA may extend the period of six months in which an insurance undertaking or reinsurance undertaking must take the measures necessary to achieve the re-establishment of the level of eligible own funds covering the solvency capital requirement or the reduction of its risk profile to ensure compliance with the solvency capital requirement by up to—

- (a) three months, or
- (b) in the event of a declaration by the Prudential Regulation Committee of the Bank of England under paragraph (2) and considering all relevant factors including the average duration of the technical provisions, seven years.

(2) The Prudential Regulation Committee of the Bank of England must declare the existence of exceptional adverse situations in the conditions set out in paragraph (3).

(3) Exceptional adverse situations exist where the financial situation of insurance or reinsurance undertakings representing a significant share of the market or of the affected lines of business are seriously or adversely affected by one or more of the following conditions—

- (a) a fall in financial markets which is unforeseen, sharp and steep;
- (b) a persistent low interest rate environment;
- (c) a high-impact catastrophic event.

(4) The Prudential Regulation Committee of the Bank of England must assess on a regular basis whether the conditions referred to in paragraph (3) still apply.

(5) The Prudential Regulation Committee of the Bank of England must declare when an exceptional adverse situation has ceased to exist.

(6) An extension granted under paragraph (1)(b) must be withdrawn where the insurance undertaking or reinsurance undertaking submits to the PRA a progress report that shows that there was no significant progress in achieving the re-establishment of the level of eligible own funds covering the solvency capital requirement or the reduction of the risk profile to ensure compliance with the solvency capital requirement between the date of the observation of non-compliance of the solvency capital requirement and the date of the submission of the progress report.]

**F1** Regs. 4A-4D inserted (31.12.2020) by [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **8(3)** (as amended by [S.I. 2020/1385](#), regs. 1(2)(4), **54(2)(3)**, [S.I. 2019/1390](#), regs. 1(4), 11(2) and [S.I. 2019/960](#), regs. 1(3), **10(3)** (as amended by [S.I. 2020/1301](#), regs. 1, 3, **Sch. para. 40(e)(i)(f))**); 2020 c. 1, **Sch. 5 para. 1(1)**)

**Changes to legislation:**

The Solvency 2 Regulations 2015, Section 4A is up to date with all changes known to be in force on or before 26 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](#)