

**PRA RULEBOOK: SOLVENCY II FIRMS: CONDITIONS GOVERNING BUSINESS (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 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: Solvency II Firms: Conditions Governing Business (No. 2) Instrument 2016

- D. The PRA makes the rules and amendments in the Annex to this instrument.

Commencement

- E. This instrument comes into force on 14 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Conditions Governing Business (No. 2) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

6 December 2016

Annex A

Amendments to the Conditions Governing Business Part

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

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12 LLOYD'S

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- 12.5 ~~The actuarial *function* of a *managing agent* must, in respect of each *syndicate* managed by the *managing agent*, carrying out *general insurance business*;~~
- ~~(1) review the *technical provisions* of each *syndicate year* (other than a *closed year*); and~~
- ~~(2) provide an opinion to the *managing agent* and the *Society* confirming that the *technical provisions* (before addition of the *risk margin*) for each *syndicate year* are no less prudent than the *best estimate* of the amounts required to be held (before addition of the *risk margin*) in accordance with Technical Provisions 2 to 12.[deleted]~~
- 12.6 The *PRA* and the *Society* must be informed promptly by the *managing agent* promptly of any concerns about the adequacy of the *technical provisions*, and any material deficiencies, identified in the annual written report to be submitted by the *actuarial function* to the *governing body* of that if the *managing agent* becomes aware that the *actuarial function* of the *managing agent* will or may be unable to produce an unqualified opinion under 12.5(2).