

Appendix 2

Insurers: Regulatory intervention points and run-off plans

2.2 Interpretation

App2.2.1 **R** For the purpose of ■ SUP App 2.1 to ■ 2.14:

- (1) "capital resources":
 - (a) in relation to a *non-directive friendly society*, has the meaning given to "margin of solvency" in rule 2.1 of the Friendly Society – Overall Resources and Guarantee Fund part of the PRA Rulebook;
 - (b) [deleted]
 - (c) in relation to any other *firm* which is not a *Solvency II firm*, means the *firm's* capital resources as calculated in accordance with:
 - (i) in the case of a *dormant asset fund operator*, the version of ■ GENPRU 2.2.17R that applied as at 31 December 2015 (the effect of which has been preserved for the purposes of ■ INSPRU 7); and
 - (ii) in the case of a *non-directive insurer* (other than a *non-directive friendly society*), the PRA Rulebook: Non-Solvency II Firms: Insurance Company – Capital Resources; and
 - (d) in relation to a *Solvency II firm* means the *firm's* "eligible own funds" as defined in the PRA Rulebook: Glossary;
- (2) [deleted]
 - (b) [deleted]
- (3) "material transaction" means a transaction (when aggregated with any similar transactions) in which:
 - (a) the price actually paid or received for the transfer of assets or liabilities or the performance of services; or
 - (b) the price which would have been paid or received had that transaction been negotiated at arm's length between unconnected parties;exceeds:

- (c) in the case of a *firm* which carries on *long-term insurance business*, but not *general insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *property-linked liabilities* and net of *reinsurance ceded*; or
 - (d) in the case of a *firm* which carries on *general insurance business*, but not *long-term insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; or
 - (e) in the case of a *firm* which carries on both *long-term insurance business* and *general insurance business*:
 - (i) where the transaction is in connection with the *firm's long-term insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *property-linked liabilities* and net of *reinsurance ceded*; and
 - (ii) in all other cases, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; and
- (4) "required margin of solvency":
- (a) in relation to a *non-directive friendly society*, has the meaning given to that term in *IPRU(FSOC)*;
 - (b) in relation to a *participating insurance undertaking*, means R-S-U, where R, S and U have the meanings given by ■ *INSPRU 6.1.45R (3)(c)*, ■ (d) and ■ (f) respectively;
 - (c) in relation to a *firm* which is not covered by (a) or (b), carrying on *general insurance business*, means the *general insurance capital requirement* applicable to that *firm*; and
 - (d) in relation to a *firm* which is not covered by (a) or (b), carrying on *long-term insurance business*, means the *long-term insurance capital requirement* applicable to that *firm*.