

Appendix 2

Insurers: Regulatory intervention points and run-off plans

2.8 Ceasing to effect contracts of insurance

App2.8.1 **R** If a *firm* (whether within or outside the scope of the *Solvency II Directive*) decides to cease to effect new *contracts of insurance*, it must, within 28 days of that decision, submit a run-off plan to the *FCA* including:

- (1) a *scheme of operations*; and
- (2) an explanation of how, or to what extent, all liabilities to *policyholders* (including, where relevant, liabilities which arise from the regulatory duty to treat *customers* fairly in setting discretionary benefits) will be met in full as they fall due.

App2.8.4 **G** Under *Principle 11*, the *FCA* normally expects to be notified by a *firm* when it decides to cease *effecting new contracts of insurance* in respect of one or more classes of contract of insurance (see **■ SUP 15.3.8 G**). At the same time, the *FCA* would normally expect the *firm* to discuss with it the need for the *firm* to apply to vary its *permission* (see **■ SUP 6.2.6 G** and **■ SUP 6.2.7 G**) and, if appropriate, to submit a *scheme of operations* in accordance with **■ SUP App 2.8.1 R**.