

**INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS
(AMENDMENT No 3) INSTRUMENT 2002**

Powers exercised

- A. The Financial Services Authority amends the Interim Prudential sourcebook for insurers in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the "Act"):
- (1) section 138 (General rule-making power);
 - (2) section 150(2) (Actions for damages);
 - (3) section 156 (General supplementary powers).
- B. The provisions of the Act relevant to making rules and listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force immediately.

Amendment of the Interim Prudential sourcebook for insurers

- D. IPRU(INS) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Interim Prudential Sourcebook for Insurers (Amendment No 3) Instrument 2002.

By order of the Board
21 March 2002

ANNEX

Rule 10.2(2) is substituted by the following:

"The declaration required by (1) must also include separate statements in respect of each of the *ultimate insurance parent undertaking* and *ultimate EEA insurance parent undertaking* of:

- (a) the value as determined in accordance with the *Valuation of Assets Rules* (other than rule 4.14(a) to (c)) of its *surplus assets*, less:
 - (i) any provision for *related undertakings* valued on the basis of rule 5.3A (except to the extent already included in the value of *surplus assets*), and
 - (ii) where the *surplus assets* are valued at nil, the amount of any deficit in the assets available to cover:
 - (A) any liabilities not already provided for, and
 - (B) the *notional required minimum margin* (if any) of the *ultimate insurance parent undertaking* or, as the case may be, the *ultimate EEA insurance parent undertaking*; and
- (b) if the result of the calculation in (a) is negative, the reasons why such deficit has arisen and any remedial action taken or planned."