

**INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS  
(AMENDMENT NO 4) INSTRUMENT 2003**

**Powers exercised**

- A. The Financial Services Authority 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 138 (General rule-making power);
  - (2) section 150(2) (Actions for damages); and
  - (3) section 156 (General supplementary powers).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

**Commencement**

- C. This instrument comes into force on 1 November 2003.

**Amendments to 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 4) Instrument 2003.

By order of the Board  
18 September 2003

## Annex

### Amendments to Interim Prudential sourcebook for insurers

In this Annex, underlining indicates new text and striking through indicates deleted text.

5.3.A (1) Except to the extent that provision for the deficit has been made (whether in the calculation of *surplus assets* or otherwise) in another *group undertaking* the value of whose *shares* is ~~determined having regard to~~ taken to be the value of its *surplus assets* under rule 4.2(1) or (1A)(a) (but only to the extent of the *insurer's proportional share* of that undertaking), an *insurer* must make provision in respect of a *related undertaking* that is an *insurance undertaking* or *insurance holding company*:

- (a) where the *related undertaking* is also a *subsidiary undertaking* of the *insurer*, for the whole of any *solvency deficit*; and
- (b) in any other case, for the *insurer's proportional share* of any such deficit.

10.3 (1) ...

- (b) rule 4.2(2)(f) was replaced with “assets that cannot effectively be made available or realised to make good any deficiency of assets of the *ultimate insurance parent undertakings* or *ultimate EEA insurance parent undertakings*, as the case may be”; and

...

11.1 ...

<i>notional required minimum margin</i>	<ul style="list-style-type: none"> <li>(a) in the case of an <i>insurance undertaking</i> (other than a <i>pure reinsurer</i>) that has its head office in a <i>designated state or territory</i>, the amount of the <i>required minimum margin</i>, or <u>the equivalent requirement</u>, under the regulatory requirements of that state or territory;</li> <li>(b) in the case of a <i>pure reinsurer</i> that has its head office in a <i>designated state or territory</i>, the amount that would be the <i>required minimum margin</i>, or <u>the equivalent requirement under the regulatory requirements of that state or territory</u>, if the regulatory requirements of that state or territory applicable to undertakings carrying on <i>direct insurance business</i> were applied to the <i>pure reinsurer</i> <u>(whether they are or not)</u>; and</li> <li>(c) in all other cases, the amount of the <i>required minimum margin</i> that would apply if the <i>insurance undertaking</i> were an <i>insurer</i> with its head office in the United Kingdom (whether it is or not)</li> </ul>
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